

NEWS SUMMARY

GENERAL

U.S. cabinet meets on pipeline

Senior U.S. Cabinet members met yesterday to decide the next move in the confrontation with France over U.S. sanctions against building the Siberian gas pipeline.

The French subsidiary of Dresser Industries of Dallas said it would obey French government orders to lead equipment for the project, in defiance of a ban on U.S. involvement.

The parent company has asked a Washington court for a ruling, and for an injunction against the U.S. Government if it tries to penalise the company. Back Page

Argentina fears Argentine Economy Minister Domingo Astore resigned, raising the prospect of another political crisis. Page 4

Police sacked More than 300 Indian policemen have been sacked following police demonstrations in Bombay and Haranya state last week in which five people died.

Cough deaths Four babies have died of whooping cough this year. Over 31,000 people have suffered from it this year, up from 9,000 in the same period last year.

Microlights down The Civil Aviation Authority grounded all Scorpion microlight aircraft made by Southern Aerospots after a fatal crash on Monday.

32 questioned Murder squad detectives last night were still questioning 32 people arrested in raids in London yesterday after a big security operation.

Extradition claim Police denied a report that they were dropping extradition proceedings against Patricia Ford, a girl friend of escaped Broadmoor killer Alan Reeve, in the Netherlands.

Yacht honoured Urrutia, a Dutch Navy yacht, won the Cutty Sark Trophy for sacrificing its chances in the Tall Ships race to stop and help a ship in difficulties.

Sunday trade call The Consumers Association backed legal amendments to let shops stay open on Sunday and at night. Page 7

Leader arrested Socialist opposition president Abel Gomba was arrested by the Central African Republic military government.

Champion banned West German motorcycle champion Hagen Klein was banned from racing for walking off the winner's podium during the country's national anthem, to protest at unemployment.

Hero Honecker Moscow named East German leader Erich Honecker hero of the Soviet Union, the highest Soviet honour, to mark his 70th birthday today.

Briefly... Sony president Kazuo Iwama died in Tokyo at 63. Prince Edward passed three A levels. Dr Stanford Moore, Nobel Chemistry prizewinner, 68, died in New York. Forest fires flared up again in south-east France. Mosquito swarms hit Venice. Mrs Thatcher resumed paper work, 24 hours after surgery on her legs.

IBH HOLDING, West German construction equipment group, has ended discussions on the acquisition of International Harvester's construction machinery business. Back Page

DE BEERS Consolidated Mines is having its interim dividend to 12.5 cents (6.3p). Pre-tax profits fell from R346.7 to R296.4 (£148m). Back Page and Lex; details, Page 18

DEERE AND COMPANY, U.S. farm equipment manufacturer, reported third quarter net income well down from \$87.1m to \$41.6m (£23.3m). Page 19

LONDON & SCOTTISH Marine Oil raised pre-tax profits by £9.2m to £64.2m in the first half of 1982. Page 16; Lex, Back Page

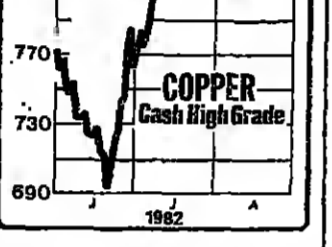
BUSINESS

Gilts fall by 0.4; equities lose 5.5

GILTS' advance faltered. The Government Securities index lost 0.40 to 78.62. Page 25

EQUITIES failed to hold early firmness. The FT 30 share index fell 5.5 to 571.0. Page 25

COPPER came under selling pressure after rising initially.



Higher grade cash price fell 14 to £856 a tonne. Page 22

GOLD gained \$18 to \$411.5 in London. In New York the Comex August close was \$404.75 (\$399.2). Page 22

DOLLAR fell to DM 2.419 (DM 2.4525), FFr 6.78 (FFr 6.8675), SwFr 2.04 (SwFr 2.07) and ¥251.75 (¥254.5). Its trade weighted index was 119.3 (120.2). Page 26

STERLING rose 2.10 cents to \$1.7675. But it eased to DM 4.28 (DM 4.285), FFr 11.93 (FFr 11.99) and SwFr 3.61 (SwFr 3.6175). Its trade weighted index was 91.3 (91.6). Page 26

WALL STREET was down 7.16 to 883.56 near the close. Page 24

U.S. ANNUAL INFLATION rate slowed to 7.3 per cent last month. Page 4

WEST GERMAN current account had a deficit of DM 1.5bn (£350m) last month, against DM 3.9bn a year ago. Page 2

JAPAN has agreed to extend ¥65bn (£146m) in official loans to China in the year to March. Page 3

AUGUST CAR SALES are expected to set a record today by passing 250,000. Back Page

BRAZIL'S \$1.8bn (£1.05bn) railway project completion is being delayed for another year because of lack of state funds. Page 4

LIVERPOOL DOCKERS voted to accept a two-year pay and productivity deal after four months' negotiation. Page 7

CO-OPERATIVE UNION forecast a 9.5 per cent increase in consumer spending next year. Page 7

BP OIL is to close its loss-making Belfast refinery. Page 6

CBS CHAIRMAN William Paley may resign in the next few months. Men and Matters, Page 14

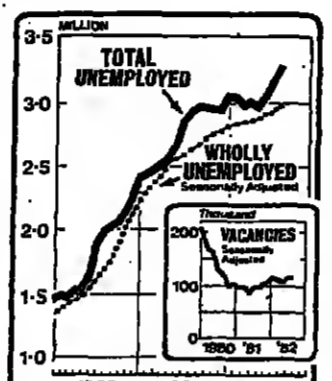
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Unemployment grows faster as underlying total reaches 2.99m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UNEMPLOYMENT is now rising at a substantially faster rate than in the spring and reached an underlying figure of 2.99m in August, according to figures out yesterday. The August total dashed hopes lingering from the spring through to July that the underlying trend might be continuing to improve.



TOTAL UNEMPLOYED. WHOLLY UNEMPLOYED (seasonally adjusted) MILLIONS

The grim figures immediately provoked demands from some Conservative MPs as well as from the Labour Party and the TUC for the Government to re-evaluate its economic policy. Mr Eric Varley, the Labour employment spokesman called for a major re-orientation programme using nationalised industries and local authorities as a "springboard" to bring down unemployment.

An indication of the back bench Conservative pressure which will be put on the Government came from Mr Jim Lester, MP for Beeston and former Conservative Employment Minister. He called for an autumn budget with measures to boost business confidence.

He urged a cut in the National Insurance Surcharge, an expansion of the Community Work Scheme and an increase in tax thresholds this autumn. He said: "By gradually introducing more demand into the economy one can start to stimulate some movement."

Oil trade increases current account surplus to £316m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S current account surplus on the balance of payments increased sharply in July to an estimated £316m, but a large part of this was attributable to an increased surplus on oil trade.

Table showing Balance of Payments (current account) for Oil, Visible, and Invisible sectors from 1981 Q4 to 1982 Q2.

The underlying trend of exports and imports has been worsening slightly, according to figures published yesterday by the Department of Trade.

The average volume of imports in the three months to July was 3 per cent higher than the average for the previous three months and the average volume of exports declined by 1.5 per cent in the same period.

If oil and erratic items are excluded the same pattern of higher imports and lower exports emerges.

In the first seven months of this year the current account surplus has reached a total of £1.55bn compared with a total of between £7bn and £8bn last year.

The surplus on oil in July was £401m and the oil surplus in the first seven months of the year is over £2.2bn.

There was a 2 per cent fall, however, in the volume of exports of manufactured goods in the three months to July compared with the previous three

months, although there was a 21 per cent increase in exports of cars between these two periods.

Imports of cars were down 14 per cent over the period but overall the volume of imports of manufactured goods rose by 5 per cent.

The trade figures are still incomplete because of the non-collection of import and export statistics during the civil servants' dispute last year.

The series has been difficult to interpret partly as a result of the civil servants' action and partly because of changes in procedures. But the latest figures appear to confirm the underlying pattern of increasing imports and rather disappointing exports that had

Ambrosiano cash 'in Swiss banks'

BY OUR FINANCIAL STAFF

SWISS BANK accounts received substantial dollar transfers from overseas subsidiaries of Italy's Ambrosiano banking group, according to the public prosecutor of the Sottoceneri district of Canton Ticino in Switzerland.

In Milan, the Nuovo Banco Ambrosiano—which earlier this month inherited the balance sheet of the liquidated Banco Ambrosiano SpA of Milan—has announced that on September 13 it will seek its seven shareholder banks' approval for a major capital increase.

A statement from the public prosecutor yesterday alleged that the transfers later reported in Italy to amount to \$20m (£11.5m)—had been drawn improperly from Banco Ambrosiano by the late Sig Roberto Calvi, the group's former chairman.

The money was transferred from Ambrosiano group subsidiaries in Nassau and Managua to bank accounts in Lugano and other Swiss towns. The nominal ownership of these accounts was still unclear last night.

Confirmation that the \$20m had been traced and frozen was given in Italy by Sig Pier Luigi Dell'Osso, an Italian magistrate, on his return from Lugano where he had visited Sig Flavio Carboni.

Sig Carboni, an Italian businessman and close associate of Sig Calvi, is at present helping the Swiss police with their inquiries. The Swiss authorities are assisting the Italian police, who have sought to have Sig Carboni extradited on charges of passport falsification.

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Holy See hints at solutions to financial conundrum, Page 2

Bank cuts money market rates

By Our Foreign and Financial Staff

THE PRICE of gold jumped through the \$400 level yesterday and sterling rose by more than 2 cents against the dollar as the Bank of England signalled that it would like to see another fall in UK bank base rates.

The Bank cut its money market intervention rates by 1/4 of a percentage point—the first cut in a week—raising hopes of a bank base rate cut. Its action coincided with signs that the recent recovery in some sectors of the world's stock markets was faltering.

Lebanese peace broken by armed clashes

BY STEWART DALBY AND NORA BOUSTANY IN BEIRUT

FIERCE fighting was reported in Lebanon yesterday north of the Beirut-Damascus highway and around Tripoli. Beirut radio claimed the exchanges were between Syrians and Israelis. But the Israeli army said none of its troops were involved and that the clashes were between Syrian and Lebanese Christian Phalangist forces.

Yesterdays fighting puts doubt on plans that the first convoy of Palestinian Liberation Organisation fighters should leave overland for Damascus tomorrow along the same road, through Israeli lines.

Last night, more Lebanese parliamentary deputies' houses were attacked, bringing the number of houses involved in assaults to 15. The houses of five deputies were attacked with rocket propelled grenades and recoilless rifles on Monday after 34-year-old Mr Bachir Gemayel was elected as President of Lebanon for a six-year term.

Mr Gemayel's leader of the "Lebanese Forces" and a main figure in the Christian Phalange Party dominated by his father, Mr Pierre Gemayel.

Although by tradition the Lebanese President is always a Christian, Mr Gemayel's assumption of the role has caused apprehension in Moslem quarters because of his background as a Christian militia leader, and his links with Israel.

Leading Sunni Moslem moderates are worried both about technicalities of the election and whether Mr Gemayel will make enough conciliatory gestures to predominantly Moslem West Beirut when he takes over the Presidency.

Mr Salam and other leading Moslems obliquely hinted that tremendous pressure was put on various deputies to vote for Mr Gemayel. A common joke in Beirut is that unusually large amounts of money—some of it said to be Saudi—has been changing hands in East Beirut in the past week.

Mr Gemayel's first crucial test in soothing Moslem fears will come when he assumes the Presidency and has to find a Sunni Moslem prime minister. According to tradition, the Prime Minister must be a Sunni.

It is thought that he has already earmarked Dr Mohammed Moghrabi, a right-wing Moslem lawyer. However, there are doubts as to whether Dr Moghrabi has sufficient standing to win over leaders of the various Moslem communities to support Mr Gemayel's Presidency. Should Mr Gemayel fall to find the right prime minister, he could face continued opposition.

Continued on Back Page

Gold Price rise fails to brighten S. African outlook, Page 2

Wall Street, Page 24

Money Markets, Page 26

Lex, Back Page

England's action to cut interest rates and the FT Government Securities index ended 0.4 down at 78.52. Equities were also soft, with the FT 30 share index falling 5.5 to 571.0.

Home banking service on Prestel considered

BY GUY DE JONQUIERES

BRITISH TELECOM is considering a plan to launch the first electronic home banking service this autumn. It would be carried on Prestel, BT's videotex information system, and be operated with a private sector partner whose identity has not been disclosed.

The scheme would involve supplying free of charge to subscribers as many as 100,000 special adaptors. These would convert ordinary television sets into terminals equipped to receive Prestel.

The cost of the adaptors, estimated at about £10m, would be shared equally by BT and its partner.

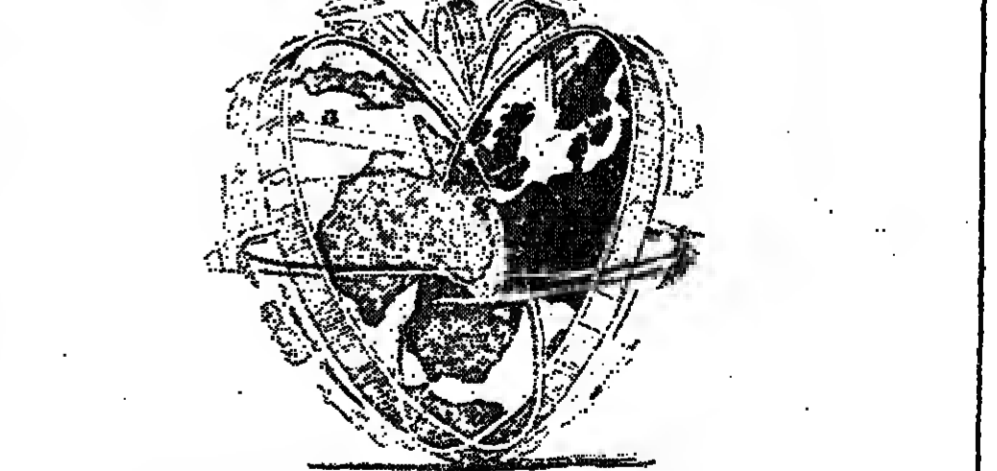
The modified television sets approved by BT's board. It marks the boldest attempt yet to carve out a mass consumer market for Prestel, which has attracted few residential subscribers since it started three years ago. Most of its 16,000 users are businesses. The planned services would enable users to conduct a wide range of financial transactions from home. It would probably include facilities for ordering and paying for goods and services electronically.

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FOREX-MONEY MARKETS

Continental Currencies—the other side of our Foreign Exchange Business



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CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various commodities like European Ferris, Good Relations, etc.

Table listing price changes for various stocks and bonds like American News, Foreign Exchanges, etc.

Table listing price changes for various financial instruments like Commercial Law, Management, etc.

EUROPEAN NEWS

OVERSEAS NEWS

Rupert Cornwell in Rome examines the role of the Vatican bank in the Ambrosiano money-go-round Holy See hints at solutions to financial conundrum

WITH THE WORD "We must be good and correct, but not naive" Cardinal Agostino Casaroli, the Vatican's Secretary of State and most practised negotiator, sent out this week the first important signals from the Holy See on the summer's most intriguing financial conundrum. Just how much responsibility is the Institute per le Opere di Religione (IOR) bound to—and more important ready to—shoulder for the \$1.2bn (£660m) of unrecovered loans which brought about the Banco Ambrosiano collapse?

of the rich U.S. dioceses are believed to use U.S. banks to handle their funds. But a compromise between Italian authorities and the Vatican would present difficulties of its own. How would the calculation of the sum due to the Ambrosiano liquidators be made? Would it only cover direct debts of the IOR to Ambrosiano, said to be \$250m? In any case, that might not be the end of the matter. The Holy See could soon be facing new claims through the courts from Ambrosiano's Luxembourg affiliate, and one or more of the group's subsidiaries in Latin America and the Bahamas, also involved in the money-go-round, are put into liquidation.

What happens in the next few weeks behind the hermetic walls of the Holy See is anyone's guess. But the Italian authorities aim to use the affair to sort out financial relations with the Vatican. The problem, according to officials here, is relatively simple and need not involve any modification of the Concordat of 1929 between the two states, and on whose revision experts have been working without success for years. Currently, the IOR is a foreign bank which operates in Italy via ordinary lire accounts with various Italian banks, in which religious orders and others may deposit funds, to be used by the Vatican anywhere in the world. To the extent that these accounts can be used by residents, and we have exchange controls, there is a problem," a senior monetary official commented.

Honecker has talks with head of Krupp

By Leslie Collett in Berlin A much publicised meeting between President Erich Honecker, of East Germany, and Herr Berthold Beitz, chairman of the supervisory board of Krupp, has taken place here at a time of mounting problems for the East German economy. It overshadowed virtually all other news in the Communist party newspaper, Neues Deutschland.

Bonn current account deficit narrows

BY KEVIN DONE IN FRANKFURT THE WEST GERMAN current account deficit had a deficit of DM 1.8bn (£420m) last month, chiefly as a result of seasonal influences such as the heavy spending of West German tourists abroad. However, the deficit was less than half the DM 4.9bn a year ago, and the country is well on course to wipe out last year's current account deficit of nearly DM 17bn (£3.9bn).

imports. The current account deficit for the first seven months of this year totalled only DM 2.2bn compared with a deficit of DM 19bn in the corresponding period of 1981. The current account includes service and transfer payments, as well as visible trade. The balance of payments figures were released yesterday and growing speculation in Frankfurt financial markets that the Bundesbank will move to lower key West German interest rates of tomorrow's meeting of the central bank's council.

Mauroy seeks union backing for restraint By David Housego in Paris THE French Prime Minister, M Pierre Mauroy, has launched a series of meetings with union leaders to win their acceptance of the Government's pressing aim. The Government is not only seeking a 14-month period of wage restraint when the prices and wages freeze ends on October 31. It is also paving the way for cuts in unemployment and social security benefits or for increased contributions to bridge the deficits in these separately administered funds.

States agree to take part in AEG aid plan

BY JONATHAN CARR IN BONN THE Bonn German Government and the federal states (Laender) have moved a step closer to agreement on how to aid AEG-Telefunken, the stricken electronics concern. But serious hurdles still have to be cleared.

Government ready to assist Dutch textiles

BY WALTER ELLIS IN AMSTERDAM THE DUTCH Government is ready to help rescue the country's textile and clothing industries, provided any agreed plan does not conflict with European Community regulations.

approve any large financial aid to companies. A group of employers and workers in the textile industry is preparing a plan based on research by U.S. consultants. A rescue plan is scheduled to be ready by the beginning of next year, but the idea of government subsidies has met with objections from the European Commission, which must

Glistrup threat to form new Danish party By Hilary Barnes in Copenhagen THE FOUNDER of Denmark's tax-protest Progress Party, Mr Mogens Glistrup, has threatened to resign and start a new party in protest against a proposal to increase the membership of the executive committee from six to 20.

Gold price rise fails to brighten S. Africa outlook

BY BERNARD SIMON IN JOHANNESBURG THE PRESENT surge in the gold price has not yet altered the bleak outlook for South Africa's economy this year and in 1983. Dr Gerhard de Kock, Governor of the Reserve Bank, indicated yesterday at the bank's annual meeting of shareholders. Dr de Kock said that the gross domestic product will grow in 1982 by about 1 per cent, "or less" in real terms. "It would be unrealistic to expect it to be significantly higher in 1983," he said. The economy grew by 4.5 per cent in real terms last year, and by a record of close to 5 per cent in 1980, but Dr de Kock said that the authorities' overall economic strategy "was not restrictive enough."



Dr de Kock... growth of only 1 per cent expected.

Kenya asks West for aid after coup attempt

BY QUENTIN PEEL, AFRICA EDITOR THE KENYAN Government has submitted a formal request to Britain and other leading Western aid donors for emergency assistance in the wake of the abortive August 1 coup attempt. A letter has been received by Mrs Margaret Thatcher, the Prime Minister, from President Daniel arap Moi, the Kenyan President, in London yesterday. The official estimate of the cost of damage caused in the action, including looting of shops in many parts of the capital, Nairobi, is put at \$110m (£54m).

Tunisia prepares new homes for PLO

BY FRANCIS GHILES THE 1,000 Palestinian guerrillas due to disembark today at the port of La Goulette, north of Tunis, are expected to surround their weapons to Tunisian army officers before parading through the streets of the capital. They are then likely to leave for Oued Zerga, a small town 80 km north-west of Tunis, in the middle of a rich valley. There they are due to be housed in an agricultural training centre and in tents while a prefabricated village is being built.

Interest Rates Investment & Deposit Interest Rates will be reduced by 1% from 1st September 1982. GATEWAY BUILDING SOCIETY

'Shortcomings' in Turkey affect borrowing ability BY METIN MUNIR IN ISTANBUL TURKEY HAS made "great strides" in the field of external borrowing since 1978, but continues to suffer from serious shortcomings which are undermining its ability to borrow, according to a memorandum prepared by the Government's Financial Advisory Group.

Glistrup threat to form new Danish party By Hilary Barnes in Copenhagen THE FOUNDER of Denmark's tax-protest Progress Party, Mr Mogens Glistrup, has threatened to resign and start a new party in protest against a proposal to increase the membership of the executive committee from six to 20.

Israeli free prisoners Israel has begun releasing some of the 7,000 suspected PLO members it captured in the opening stages of its invasion of Lebanon, Israeli officials said yesterday. AP reports from Jerusalem. The officials said no numbers were available, but the process had speeded up "in the last few days."

هكذا من الجمل

Japan to lend £146m to China

By Richard C. Hanson in Tokyo

JAPAN has agreed to extend ¥65bn (£146m) in official loans to China during the year ending March, 1983. This amount is 8.3 per cent higher than the assistance provided last year.

Under a five-year agreement starting in 1979, Japan has provided low-cost loans, mainly for a number of ambitious projects aimed at strengthening China's port and transport systems.

This year's instalment will help fund three port and railway projects. More than ¥30bn will be spent on the expansion of a Beijing-Qinhuang rail link. The Japanese have also included ¥20bn in commodity credits in the package. The loans carry an interest rate of 3 per cent over 30 years, with a 10-year grace period. Last year, Japan extended ¥60bn in loans, and in 1979 and 1980 the loans totalled ¥50bn and ¥56bn. Talks this year went smoothly and an agreement was reached in every stage.

Reuter adds: Mr Zenko Suzuki, the Japanese Prime Minister, yesterday offered to expand Japan's contribution to UN peace-keeping operations to cover personnel and equipment as well as funds.

Mr Suzuki, in talks with Sr Javier Perez de Cuellar, the UN Secretary-General, said the contribution would be made within the framework of the Japanese constitution.

Australian plan for economic 'rescue'

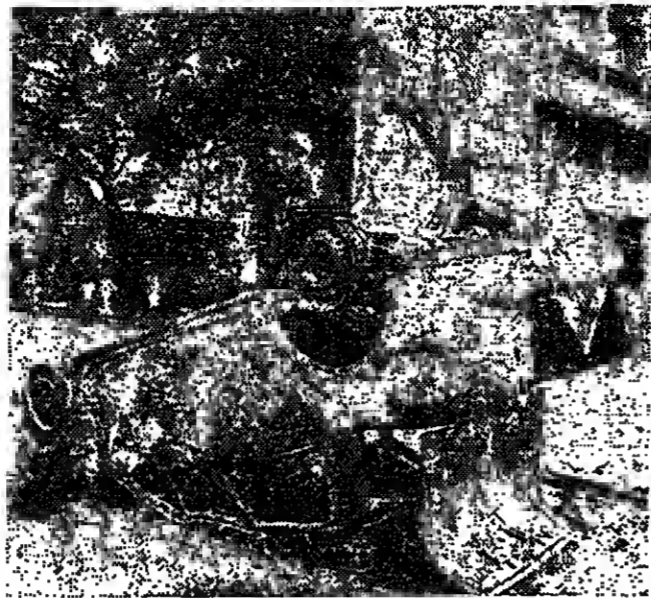
MR BILL HAYDEN, the Australian Labor Party leader yesterday proposed a series of measures as a "short-term plan of rescue" for the Australian economy, struggling in the recession. AP-DJ reports from Canberra.

The measures include the creation of about 150,000 extra jobs in the public and private sectors; increased spending on capital works, including an extra A\$170m (£95m) on public housing; "genuine" tax cuts, cheaper health insurance and a new improved retirement scheme, and a 5 per cent devaluation of the Australian dollar to take pressure off interest rates.

Reuter

K. K. Sharma visits the scene of last week's two-day orgy of violence by mutinous police and rioting strikers

Bizarre coincidence fires up Bombay's angry workers



Burnt-out car in Bombay after police riot.

THE charred skeleton of a bus blocks traffic on one of Bombay's arterial roads. A few yards away, soldiers armed with high machine guns watch stonily while an upturned car lies nearby. Scores of shops with smashed windows bear testimony to Bombay's two-day orgy of violence last week in which six people were killed. India's commercial capital is limping back to normal, but it will take a long time to re-establish confidence between its 12m citizens and their 22,000 policemen.

Bombay's police lost their status as the country's elite force when they were joined by striking textile workers on a rampage in which several hundred million rupees worth of goods were looted. It took three battalions of the Indian Army and seven regiments of paramilitary forces two days to bring the upheaval under control.

A senior police officer acknowledges in hindsight that the situation could have been better handled and the authorities should have anticipated Bombay was a prime flashpoint in view of the continuing eight-month strike by 250,000 textile workers. When the authorities decided last Wednesday that they should act sternly to quell the growing indiscipline in the

Bombay police force, they reckoned without the potential fury of the textile workers. The authorities swooped down on leaders of the police union, the Bombay Police Association, which began a demonstration on August 15, India's Independence Day, for better pay and conditions. Textile workers in the

neighbourhood thought the crackdown was aimed at them. The result was a rare combination of policemen, angry at the arrest of 25 of their leaders and the dismissal of 80 others, and hungry textile workers looting shops. According to Bombay residents, the violence was unavoidable.

The long textile strike underlines the deceptiveness of Bombay's glossy prosperity. Tensions tend to be ignored until they build up enough pressure for the kind of eruption seen last week. No other Indian city can boast such a formidable organised underworld of smugglers, bootleggers and petty criminals. Bombay's hundreds of thousands of shanty and slum dwellings are a further hotbed of discontent.

Mr Julio Riberio, Bombay's police commissioner, says: "The city, with all its frustrations, is like a powder keg that can go up at any provocation. We had to put fear into the people. There was no other way of controlling the situation—a situation that was brought to a head by acts of indiscipline by Bombay's police union, such as the wearing of black badges on duty, and an alarming report that the union leaders planned to loot the armouries."

250 police dismissed

MORE THAN 250 policemen in India's northern state of Haryana have been dismissed for taking part in last week's demonstrations, Chief Minister Bhajan Lal said yesterday. Reuter reports from New Delhi.

The Minister said he would not tolerate indiscipline in the force. The policemen, mostly from the state's armed constabulary, were protesting about working conditions, the Press Trust of India said.

A day after the trouble in Haryana, policemen in Bombay went on strike to press for higher pay. The army was summoned to restore order and at least five people were killed in the city in two days of rioting.

Last week's crackdown is now admitted to have been an over-reaction. Bombay has a weak administration led by Mr Babasahib Bhosale, the Chief Minister, who owes his position to the downfall of his allegedly corrupt predecessor. Mr Bhosale was in New Delhi on the day of the mutiny, pay-

this would have made no difference.

A post mortem is now under way to allocate blame for the mutiny and the riots. Recognition of the Bombay Police Association has been withdrawn and the authorities are to act firmly, in accordance with instructions from New Delhi.

Police unrest over pay and conditions in at least two other states is worrying the Indian Government, which fears another build up of hostility among industrial workers and police. Mrs Indira Gandhi's government, and her Congress Party in a majority of the country's 22 states, will come under pressure for strong action on growing police indiscipline.

This will also be the worst year ever for industrial strife and last year's figure of 23m working days lost will be greatly multiplied, even if the textile workers go back to work immediately.

The bizarre coincidence of the police agitation and the textile strike is symptomatic of the notoriety earned by India's police forces because of their corruption and high-handedness. In Bombay itself, the police force is said to be

operating a highly rewarding protection racket of weekly pay-offs, whose victims are small and large businesses, to the benefit of both constables and senior officers. Such corruption is rife all over the country.

Added to this are police grievances about wages and working conditions that led to the appointment of a commission of inquiry three years ago when forces in a number of states started simultaneous protests. After submitting a number of reports the Commission ended last year, but so far no action has been taken on its recommendations.

Part of the reason for this inaction is that the Commission was appointed by the Janata Government, whose policies and actions Mrs Gandhi appears to be deliberately ignoring. This is creating pressures of the kind that led to last week's violence.

Such riots may not be contained so quickly next time. As a Bombay resident points out: "In any other country, there would have been a revolution. There was widespread discontent, a massive strike, a multi-nous police and an ineffective and unpopular administration. If the combination recurs, the army may not be enough."

South Korea joins protest at Japanese rewriting of history books

BY ANN CHARTERS IN SEOUL

KOREAN-JAPANESE relations, often more uneasy than comfortable, suffered a shock recently when Japan re-wrote its secondary school history textbooks, which deal with the invasion by Japan of the Korean peninsula and the harsh, 37-year colonial administration which ended in 1945.

The South Korean Foreign Ministry lodged a formal protest with the Japanese ambassador in Seoul this month to warn that relations between the two countries could be damaged unless Japan were to revise the textbooks. The three main Korean political parties yesterday issued statements to deplore the absence of specific measures in remarks by Mr Zenko Suzuki, the Japanese Prime Minister, on Monday in Tokyo.

Mr Suzuki did say that efforts would be made to find solutions acceptable to South Korea and China—which has also protested against the re-writing—as soon as possible, but he gave no timetable. The formal Korean protest through diplomatic channels asked that prompt and specific steps be taken to correct the historical accounts.

Particularly galling to the Koreans is the designation of the 1919 independence movement here as a "riot" in the new textbooks. After a declaration of Korean independence on March 1, 1919, the Japanese army suppressed demonstrations. It killed more than 7,000 Koreans and wounded almost 16,000, according to Korean historians. After the uprising, Korean govern-

ments-in-exile were established in Vladivostok and Shanghai, where they remained until the end of World War II.

Other revisions which provoked the current protest include a description of the invasion of the peninsula as an "advance" an account of Japanese forces promoting Korean worship at Shinto shrines, which former texts described as forced worship. Koreans who were drafted into the Japanese army, or into other services, such as entertainment of troops, are described in the current text as gathered for factory work or mobilised. Late in the occupation, the study of the Korean language was banned, but the new texts say the Korean and Japanese languages were both used.

Other Japanese attempts to

control the local population and subjugate Korean culture at that time have been described in local newspaper accounts of Japanese rule. Pictures of an independence fighter with both arms severed, and of another being executed with a chopper, have rekindled old memories, and have awakened new reactions in those under 40 who are too young to remember the grim years before the Japanese surrender.

Older citizens have staged demonstrations in cities throughout the country and the Japanese ambassador in Seoul received a telephoned threat to his life.

In a strong statement to remind his compatriots that effects of Japanese rule still remain, President Chun Doo

Hwan speaking on August 15, Liberation Day, binned the Japanese for the fact that the Korean peninsula and people are divided today. The Japanese army in the northern part of the peninsula surrendered to the Soviet army at the end of the Second World War, and another occupying army to the south of the 38th parallel surrendered to the U.S. That parallel became the boundary between North and South Korea.

The textbook controversy comes at a particularly sensitive time. South Korea and Japan having just compromised on a year-old Korean request for \$6bn (£3.4bn) in aid. Last month, Korea accepted Japan's offer of \$4bn in aid, but the composition of the loans is still in dispute. The Korean Government wants \$2.3bn of the

amount as official development assistance (ODA) loans at low interest rates, and the remainder as commodity credits.

The latest Japanese offer, deemed unacceptable by the Koreans, was \$1.5bn at ODA rates, with the rest as export-import credits. According to a government official here, the export-import credits could be obtained through commercial banks and do not represent special concessions.

Although the Korean Government would like to keep the loan issue and the textbook controversy separate, it is now waiting for the next Japanese move on both matters. There are no indications as to what steps Korea might take if Japan were to prove intransigent on either.

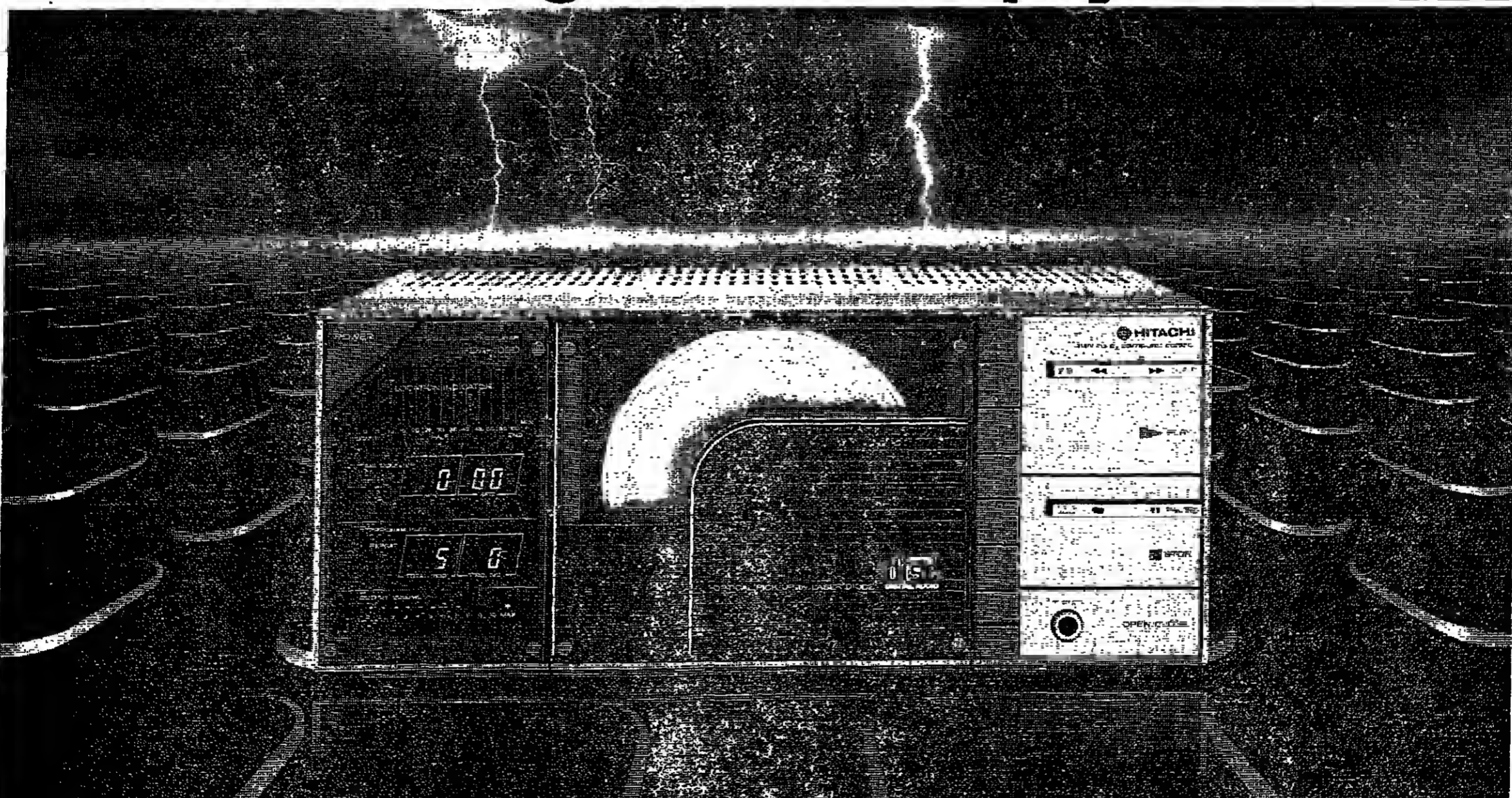
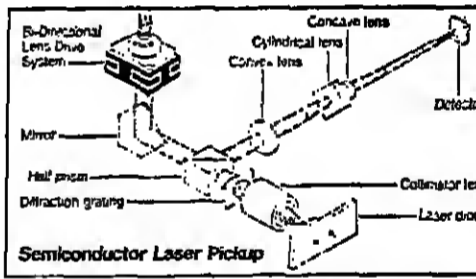
Gandhi backs Mauritius claim to Diego Garcia

PORT LOUIS — Mrs Indira Gandhi, the Indian Prime Minister, said yesterday her Government backed Mauritian claims to sovereignty over the island chain which includes the U.S. military base of Diego Garcia.

She told the Mauritian Legislative Assembly that India also supported the Mauritian campaign for the demilitarisation of the Indian Ocean. Mrs Gandhi, on a three-day visit, said India and the new Left-wing Government in Mauritius had identical views on non-alignment, Southern African liberation movements and Israeli "aggression" against the Palestinians.

Mrs Gandhi is also due to visit Mozambique on her tour and will stop off in the Seychelles.

It took a lot of new ideas to bring you one of the world's first Digital Audio Disc players.



The Hitachi Semiconductor Laser Pickup

To make a digital audio disc, a passage of music is sampled 44,100 times per second. Each of these samples is then given a 16-digit code. This code, in turn, is printed on the disc as a series of reflective pits just 0.5 x 0.5 microns in size. (1 micron = 1/1000th millimeter)

To read these pits, a laser is beamed at them through a highly precise objective lens. This light is reflected back (every disc will look like a mirror), split by a polarized beam splitter, focused at a photo detector then finally converted via semiconductor back into music.

Accuracy is of prime importance. A focus servo must be used to keep the laser at the correct 8-degree angle. And a tracking servo must be used to track the pits laterally (no physical contact is made). Combining elements of mechanics and electronics advanced enough to be termed mecha-tronics, Hitachi's system is accurate to ±0.01 micron!

These and other advancements in opto-electronic and semiconductor technologies have allowed them to make the Hitachi DA-1000 not only one of the world's first commercially available DAD players but one of the most compact as well!

The new Hitachi DA-1000 is a sound system far better than any you've ever heard!

Hitachi is spreading the computer revolution to music and the results are truly amazing. If compared to a conventional stereo, their new DA-1000 offers a far greater dynamic range, 1/100th the distortion. No record wear. And up to one hour's uninterrupted music from a single side.

For all its advantages, digital audio is a technically complex system. Just 12 centimeters in diameter, each digital disc contains up to 15 billion "bits" of music information — a code that must be read by a laser beam several times thinner than a human hair!

In developing the DA-1000, Hitachi applied the full weight of their expertise and then some.

For instance, pioneer work in the new hybrid fields of mecha-tronics and opto-electronics as well as advanced IC and LSI technologies were all involved in creating the DA-1000's highly accurate (±0.01 micron) semiconductor laser pickup.

Overall, Hitachi engineers generated over 140 patents and patents pending in developing one of the world's first commercially available DAD players.

As proud as they are in their success at producing the DA-1000, it's just one example of Hitachi's commitment to improving the quality of life through technology. Right now,

Hitachi research and development technicians are working on hundreds of other promising projects — from large scale control computers to pocket-size liquid crystal display televisions.

You see, Hitachi has a lot of new ideas about tomorrow.



AMERICAN NEWS

U.S. and UK Argentine economy minister resigns amid rising tension

By Peter Montagnon, Euromarkets Correspondent

CITIBANK is to begin sharing interest payments from Argentina with its British counterparts from the middle of next month if differences between the two countries have not been resolved by then.

The move is seen as a major step forward by British bankers, who have been pressing for such a share-out since Argentina stopped paying interest to British banks in the wake of the Falklands crisis.

They argued that when several banks have clubbed together to provide a loan in the syndicated credit market, it was essential for all banks to receive equal payments and a fundamental market principle would be undermined if one bank was not paid.

Despite Citibank's statement that payments will begin in a month's time, several British bankers are less than certain that the differences between Argentina and the UK will be resolved by then.

A lifting of the freeze is an essential pre-requisite for talks on rescheduling Argentina's \$7.7bn foreign debt. Rescheduling is becoming all the more urgent because of growing payments arrears.

BY JIMMY BURNS IN BUENOS AIRES

THE PROSPECT of a major political crisis loomed in Argentina yesterday following the resignation of Sr Jose Dagnino Pastore, the economy minister.

A statement issued by a Presidential spokesman said that Sr Pastore had resigned because he believed he had failed to reconcile the country's warring sectoral interests.

There is continuing speculation within the military as the background to labour unrest and a deepening economic crisis.

No immediate statement from Sr Pastore was expected yesterday. But indications from the Economy Ministry sources suggested that the Minister had disagreed in Cabinet over wages policy.



Pastore... believed to have disagreed over wages policy.

The future strategy believed to have come under consideration in the economy ministry is understood to have brought Sr Pastore into conflict with other cabinet ministers.

Mr Pastore resigned after the economic cabinet, which includes the ministers of labour, public works, and social action, had met to discuss the extent of salary increases planned for the private sector.

Formal negotiations on Argentina's \$7.7bn foreign debt were stalled as international bankers wait for the lifting by Britain of its freeze on Argentine assets.

Call for big boost to IMF resources

By Reginald Dale, U.S. Editor, in Washington

THE PRESTIGIOUS Institute for International Economics yesterday called for a large increase in the financial resources of the International Monetary Fund and sharply criticised the fund's lending policies over the past 12 months.

The institute, a private, non-profit making study group set up at the end of last year, said in its first report that the IMF quotas should be raised to at least SDR 100bn (\$110bn) and possibly as much as SDR 120bn.

Mr Fred Bergsten, a director of the institute, said that while the fund had enough money to come to the rescue of Mexico, it might not be able to cope with two or three Mexicos.

The fund is due to start discussing the next quota increase at its annual meeting in Toronto next month, with a target deadline for agreement of December 1983.

Mr Williamson criticised the cut, which was strongly urged by the U.S. as "severely detrimental to the needs of the world economy in general and developing countries in particular."

The lending policies of the International Monetary Fund (Institute for International Economics, 11 Dupont Circle, N.W. Washington DC 20036, \$6.00).

INTERNATIONAL FINANCE CORPORATION REPORT

Third World finance squeezed

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

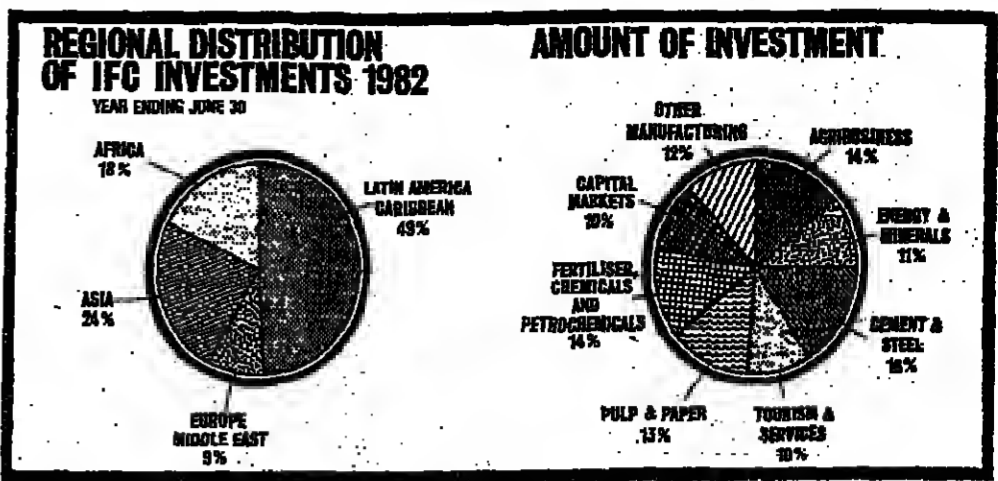
—DEVELOPING COUNTRIES could find it more difficult to obtain equity capital from foreign investors and loans from the international banking system, Mr Hans Wurtke, Executive Vice President of the International Finance Corporation, warned this week before publication of the IFC's annual report today.

The IFC is the affiliate of the World Bank specialising in making equity and loan assistance to private sector ventures in the Third World. On June 30, the end of its 28th year of operation, the IFC's loan and equity portfolio totalled \$1.5bn (\$1.03bn) in 333 companies in over 70 developing countries.

Its latest annual report stresses the increasing importance of private capital in helping the Third World finance its current account deficits. In 1981, private capital constituted almost two-thirds of total net international capital flows to developing countries compared to less than 60 per cent the previous year.

But Mr Wurtke warned that many private lenders have concluded that they have reached their lending limits in certain countries.

The IFC report says that most of the large increase in borrowing from the international capital market went to borrowers in the industrial nations. By contrast the non-oil developing countries saw their share of the total market shrink from 34 per cent in 1979 to 22 per cent in 1980 and 20 per cent last year.



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Mexico seeks doubling of quotas by IMF

BY RON SUCANAN IN MEXICO CITY

MEXICO is to seek a doubling of International Monetary Fund quotas for the Third World, and re-establishment of an IMF committee to channel oil profits to developing nations.

Inflation rate rise in U.S. decelerated last month

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. inflation rate, as measured by consumer prices, was reduced in July after two months' relatively rapid increase.

Garuda set to order 10 Fokker F-28 jetliners

BY WALTER ELLIS IN AMSTERDAM

THE FORTUNES of Fokker, the Dutch aircraft manufacturer, may be about to receive a boost with an order for 10 of their F-28 jetliners from the Indonesian airline, Garuda.

Kellogg may win LNG maintenance contracts

By Francis Ghiles, recently in Arzew

ALGERIA'S state oil and gas monopoly, Sonatrach, is expected to choose Kellogg Engineering Services, a subsidiary of El Pas Natural Gas, the major hydrocarbons base in Western Algeria.

WORLD TRADE NEWS

Big contracts are luring a host of companies, writes Francis Ghiles Algeria enjoys a building boom

CONSTRUCTION COMPANIES operating in Algeria are currently enjoying a building boom unprecedented since the country became independent 20 years ago.

Table: ALGERIA'S PLANNED HOUSE COMPLETIONS, 1980-84. Columns: Urban, Rural, Total. Rows: Houses in progress, New programmes, Total.

UK companies do not appear to have achieved anything like the 20,000 housing units, worth \$200m, for which the UK and Algerian governments signed an agreement in October 1981.

which had been stashed away in the later Boumediene years, is coming out, and in its wake, creating many new jobs.

The housing budget this year is \$2.0bn (\$1.25bn), \$1.7bn of which is accounted for by prefabricated homes—the import of kits for such homes made up 10 per cent of Algeria's total import bill in 1981.

The construction of new towns and the modernisation of existing town centres in places such as Algiers and Constantine the bare bones of which will cost \$2.5bn over five years, provide another big market for the construction industry.

The magnitude of the challenge is daunting, but the \$14bn allocated to housing during the current plan underlines the boldness of government intentions.

The decision to encourage a large housing programme was taken three years ago but it was the earthquake which wrecked the city of El Asnam in October 1980 which brought the programme to life.

India to help plan oil field. By Our New Delhi Correspondent. India has won two consultancy contracts worth \$347,500 (\$204,411) for study on an oil field in Iraq and for prospect evaluation of an offshore basin in Sri Lanka.

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U.S. exports to Algiers increase by 20%

BY FRANCIS GHILES

U.S. EXPORTS to Algeria increased by 20 per cent during the first five months of this year, to \$417m (\$245m) according to the latest statistics released by the U.S. Department of Trade.

The increase in U.S. exports to Algeria should help reduce the \$4.3bn bilateral trade deficit notched up last year. The bulk of U.S. imports are accounted for by hydrocarbons, but since last March, virtually no Algerian crude oil has been bought by U.S. companies.

U.S. companies also hold many contracts for the construction and maintenance of LNG plants, pipelines, compressor factories and hydrocarbons exploration.

Tunisia only imported \$87m worth of U.S. goods during the first five months of this year, a little less than during the same period last year.

Brazil's £1bn railway delayed

BY ANDREW WHITLEY, IN RIO DE JANEIRO

COMPLETION of Brazil's major railway project, the \$1.5bn (£1.05bn) steel railway, for which GEC of the UK is the principal foreign supplier, is being delayed for another 12 months because of a lack of state funds.

A senior Transport Ministry official said this week that the first 130 km section of line between Bom Jardim and Volta Redonda will only begin operating in the second half of 1984.

Egypt, Spain ratify \$1bn deal

BY ROBERT GRAHAM IN MADRID

EGYPT AND SPAIN has ratified a \$1bn (£585m) deal for Spanish naval vessels, military trucks, armoured personnel carriers and buses.

The deal—Spain's biggest ever military export order—was finalised last month but was formally ratified over the weekend in Cairo by Sr Juan Antonio Garcia Diaz, the Spanish Deputy Premier and Minister of Economy.

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Kellogg may win LNG maintenance contracts

By Francis Ghiles, recently in Arzew

ALGERIA'S state oil and gas monopoly, Sonatrach, is expected to choose Kellogg Engineering Services, a subsidiary of El Pas Natural Gas, the major hydrocarbons base in Western Algeria.

At the LNG 1 plant in Arzew, Kellogg Plant Services, a subsidiary of The M W Kellogg Company of Houston, would replace El Pas Natural Gas Engineering Services, a subsidiary of El Pas Natural Gas, which will have pulled out its staff of about 100 by the end of the month.

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هكذا من الأتميل

In 1928 Mercedes-Benz spotted a trend.



Illustrated: The 1928 Nürberg 8 Eight-cylinder in-line engine, 80 hp.

In 1981 Mercedes-Benz introduced the 'Energy Concept', but it was an idea originated by Mercedes-Benz engineers more than fifty years ago.

In the late 20's and early 30's the world first saw unusually large rises in the price of petrol. Spotting this trend in 1928, Mercedes-Benz decided to do something unusual for that day and age—design cars with a regard for fuel consumption.

In 1931 they introduced what could be regarded as the first expression of the 'Energy Concept': The Mercedes-Benz 170. It was not only one of the world's first cars with swing-axes, it also had an overdrive to lower engine speed by 30% and fuel consumption by 20%.

1936. The Diesel arrives.

In 1936, despite other manufacturers' overwhelming preoccupation with petrol engines, Mercedes-Benz introduced the world's first production car with a Diesel engine—the 260D.

It was less greedy and likely to last longer than petrol-engined cars of the day. It became the foundation of the Mercedes-Benz reputation as the pre-eminent builder of Diesel cars. And in the mid-fifties Mercedes-Benz developed and introduced petrol injection in the 300SL. The result: increased performance without a significant increase in consumption.

1979. Amazing aerodynamics.

The new S-Class range, unveiled at the Frankfurt Motor Show in 1979, possessed aerodynamic characteristics never before

obtained in that size of car. This was just one of the reasons why the fuel consumption figures were amazingly low.

It also had redesigned, light-alloy V-8 engines that increased performance while actually lowering fuel consumption significantly.

The 'Energy Concept' took another giant leap forward. Petrol kept going up in price.

1980. Higher performance on less fuel.

This was the year Mercedes-Benz introduced the new four-cylinder engines for the 2 and 2.3 litre series.

These short stroke engines, with cross-flow cylinder heads, attain their maximum torque at low engine speeds. In other words, they can be driven in high gear at low speeds with less engine stress.

Engine noise was reduced and, because fewer gear changes were required, there was less stress on the driver too.

And all the while, petrol was becoming even more expensive.

The Mercedes-Benz 'Energy Concept' today.

The challenge of the Eighties, for all car manufacturers, is to build vehicles that are even more fuel efficient.

The challenge for Mercedes-Benz is to make quality cars that are not only fuel efficient but also offer the high degree of safety and comfort that people have come to expect from the marque.

This challenge has been met. As you can see from this chart of fuel consumption figures, their frugality is impressive. However the character and integrity of the cars is still uncompromisingly Mercedes-Benz.

	Official Fuel Consumption Figures		Imperial mpg—Metric L/100 km		Urban		56mph/90km/h		75mph/120km/h	
	IMP	METRIC	IMP	METRIC	IMP	METRIC	IMP	METRIC	IMP	METRIC
200 Saloon	22.6	12.5	86.2	7.8	28.6	9.9				
200T Estate	22.5	12.6	35.2	8.0	27.5	10.3				
230E Saloon	22.2	12.7	36.9	7.7	29.5	9.6				
230CE Coupé	21.6	13.1	36.9	7.7	29.5	9.6				
230TE Estate	21.6	13.1	36.9	7.7	29.5	9.6				
280E Saloon	19.1	14.8	28.7	9.8	23.4	12.1				
280CE Coupé	19.1	14.8	28.7	9.8	23.4	12.1				
280TE Estate	19.1	14.8	28.7	9.8	23.4	12.1				
280SL Roadster/Coupé	19.1	14.8	29.0	9.8	23.5	12.0				
380SL Roadster/Coupé	19.9	14.2	30.7	9.2	25.0	11.3				
500SL Roadster/Coupé	18.2	15.6	30.2	9.4	24.6	11.3				
280E Saloon	19.8	14.3	29.6	9.5	24.3	11.6				
280SE Saloon	20.3	13.9	32.6	8.7	26.2	10.8				
380SEL Saloon	19.9	14.2	32.6	8.7	26.2	10.8				
380SEC Coupé	20.3	13.9	32.6	8.7	26.2	10.8				
500E Saloon	18.6	15.2	31.0	9.1	24.8	11.4				
500SEL Saloon	18.6	15.2	31.0	9.1	24.8	11.4				
500SEC Coupé	18.6	15.2	31.0	9.1	24.8	11.4				

Nowhere is the 'Energy Concept' better expressed than in the current S-Class.

This car requires less energy to build, advanced alloys make its V-8 engines more frugal yet more powerful. Its famous aerodynamics not only aid fuel economy but also road holding and stability.

Through the innovative use of special steels and aerospace plastics and alloys, the S-Class is not only lighter, but stronger and safer. It has more seating room, improved visibility and a remarkably quiet ride.

In 1982 many manufacturers have an 'Energy Concept'. The Mercedes-Benz 'Energy Concept' has been around for more than 50 years.

Engineered like no other car in the world.



UK NEWS

BP Oil to close Belfast refinery

BY OUR BELFAST CORRESPONDENT

BP OIL, the UK refining and marketing arm of the BP group, is to close its loss-making Belfast refinery, the smallest of its three remaining UK refineries.

BP's remaining UK refineries are at Grangemouth in Scotland, with a capacity of 8.5m tonnes, and Llandarcy, south Wales, which can handle 5.2m tonnes.

On a full current cost accounting basis, BP Oil made an operating loss of £126m in 1981. In the first quarter of this year it lost a further £24m.

growing withdrawal from the province of companies which have their headquarters in Britain.

Fewer Britons holidaying abroad

By Arthur Sandes

British holiday-making overseas has fallen between 5 and 6 per cent numerically and as much as 8 per cent in cash terms, according to Pickfords Travel, one of the largest travel agencies in Britain.

Pressure to reflate likely to intensify

BY JOHN HUNT

THE INCREASE in the August unemployment figures announced yesterday is likely to put more pressure on the Government to introduce a reflationary package as part of the Chancellor's economic review in November.

British Gas appoints sixth director CEBG favours Hinkley Point for next N-plant

BY RICHARD JOHNS

AN INTENSIFIED search by British Gas Corporation for bigger sources of natural gas is signified by the appointment of a sixth managing director.

Mr Evans will also look after the corporation's international consultancy services. The corporation has confirmed that it is undertaking a feasibility study on behalf of Dubai, one of the United Arab Emirates, to assess the extent and utilisation of the gas field discovered earlier this year by Atlantic Richfield.

HINKLEY POINT, near Bridgwater in Somerset, is expected to be named by the Central Electricity Generating Board as its preferred site for the next nuclear power station to be built.

The proposed Hinkley C plant would be the third in the complex near Bridgwater. The CEBG intends to proceed with its construction after what it hopes will be a favourable conclusion by the inquiry scheduled to start in January into the safety of the controversial pressurised water reactor to be built at Sizewell, Suffolk.

Study backs docklands airport

BY LYNTON McLAIR

AN AIRPORT in the disused docklands of east London could capture a "significant proportion" of inter-city business passengers, according to a study published yesterday.

The development corporation is to seek the opinions of the local people before taking further action on the proposal. It intends to make a formal planning application in October if there is wide support for an airport.

GLC to spend £100,000 on transport survey

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE Greater London Council plans to spend nearly £100,000 on consulting Londoners on the future of London Transport. It will distribute 100,000 leaflets to organisations with an interest in public transport and also plans an independent public opinion poll.

Outlook gloomy

THE economic outlook for Scotland is not encouraging, according to a quarterly economic forecast from the Fraser of Allander Institute at the University of Strathclyde.



OBITUARY

Mr Angus Murray

MR ANGUS MURRAY, chairman of Redman Heenan International and a well-known figure in industry, died on Monday following a short illness. He was 68.

OBITUARY

Sir Lawrence Robson

SIR LAWRENCE ROBSON, a former president of the Liberal Party, died yesterday at his home, Kiddington Hall, near Woodstock in Oxfordshire. He was 78.

Scottish bank group to integrate operations

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Royal Bank of Scotland Group, which controls the biggest bank in Scotland and the fifth biggest English clearing bank, is to integrate the operations of the two banks more closely.

Rebates to rise

ABOUT 3m people will benefit from increases in rent rebates, rent allowances and rate rebates, to be made in November.

Asbestos limit cut

THE Government's Health and Safety Commission is to halve the amount of asbestos dust allowed in factories. The new legal limit is now one fibre of asbestos per cubic centimetre of air.

Videorecorders

BECAUSE of a printing error on the article on videorecorders on Page 1 of yesterday's Financial Times said incorrectly that deliveries of videorecorders to the UK trade in the first six months of the year compared with the same period in 1981 had risen by 13.5 per cent. The correct percentage is 13.5 per cent.

Table with columns: Exports, Imports, Balance of Trade. Rows include quarterly and monthly data for 1980, 1981, and 1982.

THE VOLUME of Britain's exports appears to have been declining in the last six months, while the volume of imports has risen. Seasonally adjusted, the balance of payments figures show a fall of 1.4 per cent in the volume of exports between the two three-month periods February to April and May to July.

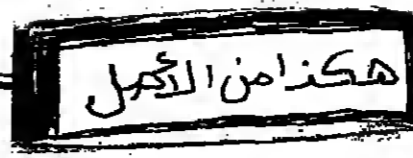
Nationwide Building Society advertisement. Includes logo and interest rates for Ordinary Share Accounts (7.75% 11.07%), Subscription Share Accounts (9.00% 12.86%), Capital Bonds 18th Issue (9.25% 13.21%), Bonus Account (8.75% 12.50%), and Deposit Accounts (7.50% 10.71%).

A balm for sore noses and company sales prospects

IF YOU ARE running a small company in a complex product market dominated by big companies, what must you manufacture to make the best return on capital? In this case the market is the not particularly attractive one of aching feet, sore noses and skin rashes.

Head Office: New Oxford House, High Holborn, London WC1V 9PL

HELP US LEAD THE FIGHT... LEUKAEMIA RESEARCH FUND... 43 Great Ormond Street, London WC1N 3JL



UK NEWS

LABOUR

Glasshouse companies face heavy pruning

THE 1983 glasshouse season could be the last for many British growers. A large section of the industry is claimed to be on the brink of bankruptcy...

Higher fuel subsidies for the Dutch are forcing UK growers to the wall. Richard Mooney reports

In its geographical distribution and seasonal growing pattern, production is being concentrated increasingly around the south coast and Humber area...

Biscuit factory to close with loss of 440 jobs

BURTON'S Gold Medal Biscuits, part of the Associated British Foods group and the third largest biscuit producer in the UK, plans to close its Slough factory with the loss of 440 jobs...

Goldman Sachs buys London merchant bank

Financial Times Reporter FIRST DALLAS Ltd, the London merchant banking arm of First National Bank in Dallas, has been sold to Goldman Sachs, U.S. investment bank...

Co-op forecasts rise in spending

THE CO-OPERATIVE Union, the umbrella organisation for the UK co-operative movement, is forecasting an increase in consumer spending of just under 10 per cent in 1983...

Table showing Consumer Spending 1971-81. Columns for 1971 and 1981. Rows include Housing, Food, Fuel, light, power, Confectionery, etc.

Fresh support for Sunday shopping

THE Consumers Association has come out strongly in favour of amendments to the shop hours legislation which would allow traders to open on Sunday and late at night...

Press Council and TUC agree over complaints

BY JOHN LLOYD, LABOUR EDITOR

SIGNIFICANT changes in the operation of the Press Council - including exerting pressure on newspapers to publish complaints more prominently - have been agreed in principle between the council and the TUC...

meeting between them and NUJ officials may be arranged later. Mr Evans said yesterday that the TUC had won substantial concessions from the council in talks over the past year...

Bank union Directors demand wider reforms in public sector

BY DAVID GOODHART, LABOUR STAFF

THE MAIN banking union is planning to ballot its 1,400 members in Standard Chartered Bank on whether to take industrial action in a dispute with the bank over arbitration procedures...

Shop stewards fight steel redundancies

BY OUR LABOUR STAFF

SIOP STEWARDS at Johnson and Firth Brown, the private Sheffield steel company, said yesterday they would fight the 1,100 redundancies stemming from the proposed merger of Firth Brown and the British Steel Corporation's River Don Plant...

Health workers plan for national rally

BY IVO DAWNEY, LABOUR STAFF

PLANS for a national rally of health service workers are high on the agenda of the TUC health service committee which meets tomorrow to discuss the next stage in its four-month campaign for a 12 per cent pay rise...

Options for consideration will include further one, three or five day periods of intensified industrial action. However, the unions are anxious not to incur unnecessary costs in strike pay...

Liverpool dockers accept two-year pay deal

BY OUR LABOUR STAFF

THE THREAT of an unofficial strike halting Liverpool dockers' work was averted yesterday when the 2,500 dockers voted by a substantial majority to accept a two-year pay and productivity deal after four months of negotiation...

GARDENS TODAY

France's greatest public garden

BY ROBIN LANE FOX

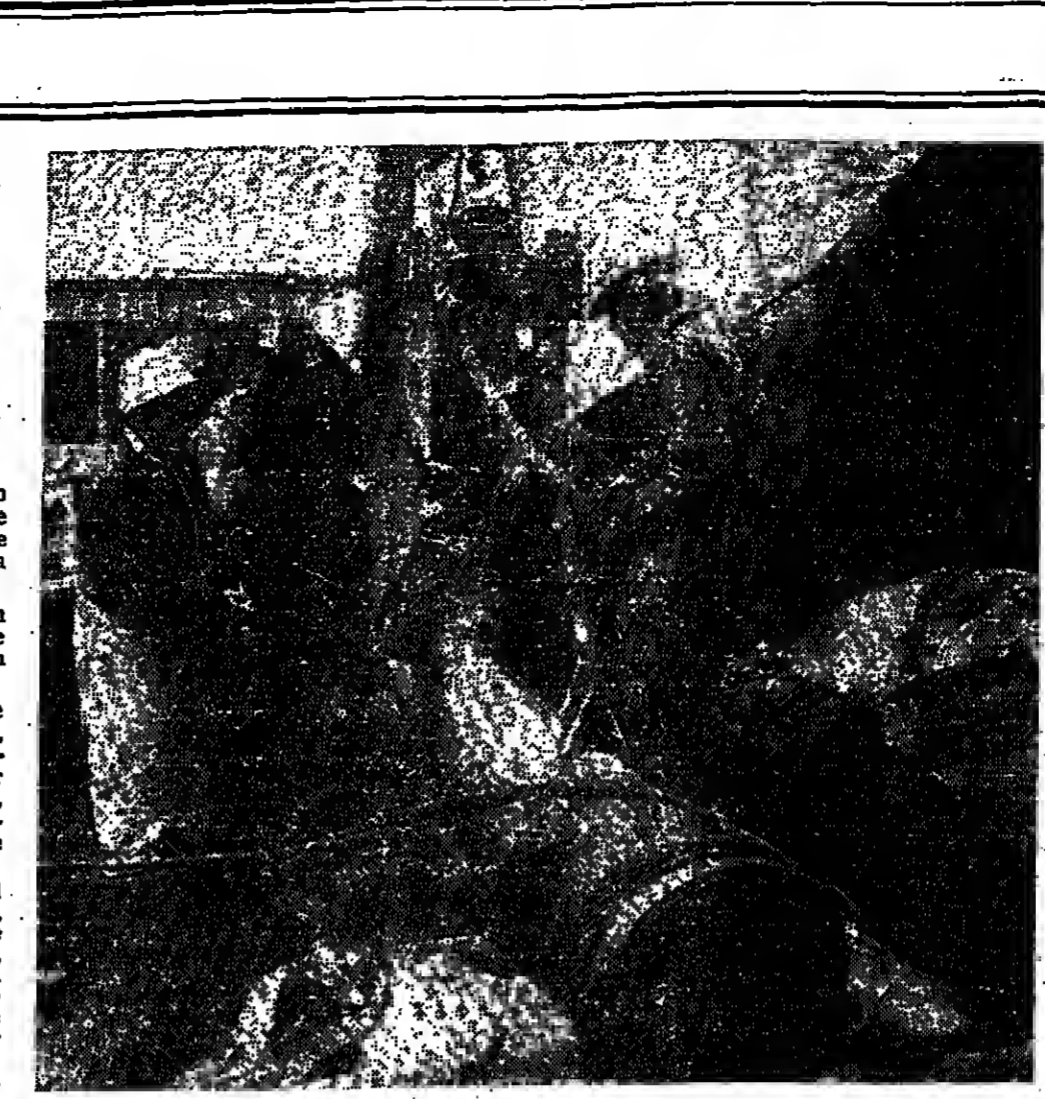
ONLY THE British, as I have often stated here, know how to make a flower garden. There are very great gardeners elsewhere, of course, in America, France, Germany and Italy...

Over-governed and run by many more civil servants than even troubled Britain, French patrons liked their values of order and formality. They had little sympathy with lawns and rolling meadows. Avoiding the 'jardin anglais', I ruled out the forests round Blois...

It is perhaps quite amusing if viewed from above in its own enclosed background of gravel. But acres of matching compartments are as tedious as a fancy patisserie with their crisscross of box and beetroot, ornate flames of orange flowered Rudbeckia and the unparadoxically stark white Alyssum...

TECHNOLOGY
British designed simulator finds a new role
'Big Lifter' set to retrieve wreck of the Mary Rose

BY NEIL POTTER
A British-designed, computer-based crane barge motion monitor and simulation system will help in the raising of the wreck of Henry VIII's warship, Mary Rose, from the seabed off Portsmouth.
It has just been installed at Southampton on the Howard Doris 55m, 900-tonne heavy-duty floating derrick, Tog Mor (Gaelic for Big Lifter).



Mrs Margaret Rule, archaeological director in charge of the recovery of the Mary Rose (left), helps her team hose-down one of the bronze cannons recovered from the 400-year-old wreck.

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Energy saving
Motor speeds
CONTROLLING motor speed can lead to energy saving according to Brammer Dynamics. It has developed a variable frequency inverter which enables AC Squirrel Cage motors to run at variable speed instead of their normal fixed speed operation.

Leisure
New chess system
BOSS, the new chess system from Audiogenic of Reading is available as a cassette requiring a minimum of 48 expansion. Ten levels of play are available with response times of one second to nine hours depending on the state of the game.

Measurement
Steel coatings
A GAUGE which can measure the thickness of non-magnetic coatings on steel is being marketed by Shotts Instruments.

Security
TV burglar alarm
IT MAY sound like "big brother is watching you" but Radio Rentals has introduced a television set which turns into a burglar alarm.

Do-it-yourself loadcells system
Farmyard tyres to weigh a pig

IT IS not often that one comes across a product called "Wheelee Weigh". But if you're a farmer and need to weigh anything from a pig to a heater and their respective feeds as well then the old tractor or mini tyre lying around the farmyard can, with a bit of adaptation do the job.

First viable prototype of LSI chip
Toshiba sees mass production in three to four years time

THE Toshiba Corporation has developed what it claims to be the world's first prototype of a commercially viable large-scale integration (LSI) chip based on a compound of gallium and arsenic.

FT COMMERCIAL LAW REPORTS

Digest of cases reported in the Trinity Term

FROM JULY 2 TO JULY 27
Maritime Harmony (FT, July 2). Mr Justice Sheen consulted two Trinity Masters on the safe speed for a vessel navigating in reduced visibility. The court held that the speed would depend on the distance and weather being maintained. Because Maritime Harmony failed to maintain a proper watch despite two radar sets in working order, the ship was unable to justify the speed at which she was travelling when a collision occurred in fog. Contributory negligence was thus proved.

TELEVISION

Table listing television programs and schedules for BBC1, BBC2, and Channel 4. Includes sections for 'Tonight's Choice', 'LONDON', and 'TYNE TEES'.

Mamunia is capable of scoring again

Mamunia, a twice-raced filly by Cutlass out of a Ray's A Native mare, already looks to have been cheaply bought as a \$48,000 (£27,500) yearling. She was a promising sixth as a 50-1 chance at Yarmouth on her debut earlier this month, and made a successful return to the course a week ago when justifying some substantial bets in the 15-runner Hall Quay Maiden Stakes with a victory over Monongalia. Always a steady performer, Mamunia is a horse to watch in the south coast card which convinces many that the presence of Mamunia is the principal reason behind Carson's wish to forego Bath.

Table listing radio programs and schedules for RADIO 1, RADIO 2, RADIO 3, and RADIO 4.

EDINBURGH FESTIVAL

MUSIC AND THEATRE

Dresden State Opera

The first of this Edinburgh Festival's guest opera companies is the Dresden State Opera...

Emmerlich, a gloomy giant are to be taken by the same singers in all three performances here.

setting, no added jokes, no temperamental flouncing by the performers, who are sensible professionals checking their make-up and reviewing their lines.

Not Herz, who keeps the rival troupes in each other's hair from first to last. The airy opera bunch are already faintly ludicrous, with the nymphs reeling and writhing in Klimtish gauzes...

Both assessments must have struck anyone who had not succumbed to the first episode of Volley of the Dolls on ITV as hopelessly wide of the mark.

I hate to sound pedantic about all this, but Louis Marks's Play of the Month production was not only a bore, it was a travesty.



Ana Pusar in Ariadne auf Naxos

DAVID MURRAY



Irene Worth (arms raised) in L'Olimpiade

Cooperativa Teatromusica, Rome

The curious aim of Sandro Sequi, known chiefly as an opera director, is to produce on stage the libretti of operas without their muses.

He has certainly chosen a difficult example for his production with the Cooperativa Teatromusica of Rome. Metastasio's L'Olimpiade contains every operatic quirk imaginable.

love with Megacle, an Olympic champion, but the King disapproves of him. He removes to Crete, where he is rescued from bandits by Licida, son of the King of Crete.

We have a plain stage, and changes of scene are indicated very cleverly by the varied use of translucent white curtains.

Italian, of course, but the arias and the choruses as if for a poetry reading.

The occasional laughter, both from the Italian-speaking and the monolingual sections of the audience, made me wonder if those chases and misunderstandings were meant by Metastasio to be as funny as Mr Sequi made them appear to us.

B. A. YOUNG



Jane Ritchie and Benjamin Whitrow in Granada's A Bit of Singing and Dancing

The Radio Times proclaimed Sheridan's The Critic (BBC 1, Monday) to be a rollicking satire.

Both assessments must have struck anyone who had not succumbed to the first episode of Volley of the Dolls on ITV as hopelessly wide of the mark.

I hate to sound pedantic about all this, but Louis Marks's Play of the Month production was not only a bore, it was a travesty.

judes, flickering candles and which felicitously descended and nestled in his trembling periwig.

English language classics are invariably a disaster on television because no-one who works there knows very much about stage convention.

One scene came off brilliantly: the deflation of the late Alan Badiel's Sir Prefect Plagiarist with a torrent of destructive satire.

Benjamin Whitrow and the setting of Morocco came into their own with the revelation of the lodger's secret occupation—basking on the sunroof to the music of Glenn Miller.

The night before, I had been in Eastbourne with BBC1's Summer Special. This disgraceful presentation is the sort of programme slipped into the schedules because they know Chris Dumbleby is on holiday (fear not, he's back next week) and think nobody else is watching.

Enough was enough, I decided, as the credits rolled. Could I now steel myself for the FA Charity Shield (TV, Saturday) between Tottenham Hotspur and Liverpool at Wembley? I could, but with difficulty.

Holliger/Elizabeth Hall

Andrew Clements

The third of the Amadeus Quartet's recitals at this year's South Bank Summer Music brought with it on Monday Heinz Holliger to play Mozart's oboe quartet K.370.

In the oboe quartet these capabilities were generously employed, though always within the ambit of a performance that was musically and scrupulously tasteful.

to full voice in a single, unblemished line.

If the Amadeus were very much the junior partners in this performance their form in the rest of the evening suggested that the spotlight had been quite tactfully directed elsewhere.

For the second week of Summer Music the early-evening slot in the Purcell Room is being filled by six singers from the London Sinfonietta Voices.

Proms setting of magnificent English poem

The Wanderer, a big piece (50 minutes in length) for bass-baritone solo, large chorus, and orchestra, by Naresohal, was given its first performance by the BBC Symphony Orchestra and choir at the Proms on Monday.

The new work, which takes as its text a part from the disputed opening and closing lines of the full length of the magnificent Anglo-Saxon poem in Michael Alexander's translation, marks a transformation in

but terribly slight. Adapted by Hugh Whitmore from a short story by Susan Hill, it was the story of a spinsterish daughter (played with spell-binding restraint by June Ritchie) taking in a lodger (Benjamin Whitrow) in defiance of dead Mum's (Evelyn Laye) misgivings.

I enjoyed Miss Ritchie's tiny explosions and the sight of Gillian Marlett, a wonderful actress, in the small part of a ferociously sympathetic visitor to the library where Miss Ritchie worked.

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Coming to terms with this

horrible truth, I had taken myself off on Saturday afternoon to witness (along with 927 other masochists) Halifax Town play Hartlepool. I was week-ending in Yorkshire and I thought, well, let's get down to basics as the managers always say on Match of the Day (Sunday afternoons this season, with promised "magazine" material).

Basic it was, but thoroughly entertaining. Halifax's Davison scored a slick hat-trick in the 3-0 triumph and the black No. 9, Everton Weekes, is a most promising young player.

There has been some wonderful music: Ralu Lupu playing Beethoven's Fourth Piano Concerto with the BBC Northern Symphony Orchestra (BBC 2, Sunday), and George Melly twinkling, glancing, pouting and bopping last Wednesday and for the next three (BBC 2).

In Edinburgh, they are about to discuss media coverage of the Falklands crisis. What about the French Government's stipulation that, in exchange for policing the exit of PLO terrorists from Beirut with the Foreign Legion, they expect television footage to show that exit in an heroic light? Both English channels have obliged with craven alacrity.

Dorothy Tutin as Sarah Bernhard

Dorothy Tutin is to appear as Sarah Bernhard in After the Lions, a play about the great French actress by Ronald Harwood which opens at the Royal Exchange Theatre, Manchester, on November 15.

Mal Zetterling was originally announced for the role but has withdrawn after discussions about the interpretation with the author and the director, Michael Elliott.

The Wanderer/Albert Hall

Max Loppert

that outlook. Though Sobal's characterising fondness for unencumbered textures (often no more than a lyrical line high above a clear-cut bass) may still betray his origins, the atmosphere of The Wanderer is fittingly charged with the dark, brooding colours of the poem: there is set up in the music a creative tension between the distinctively European epic manner of the verse and the composer's methods which gives the work both its individuality and its dramatic energy.

The poem is a bleak vision of man's harshly unaccommodated movement through a hostile world; and the musical response to it enlists images simple, powerful, and on a first bearing unforgettably effective. High strings shimmer in icy tremolando, or take sinuous melodic shapes (usually falling lyrically downwards through an initial semitone); piles of fourths, fifths, and tritones supply a sense of empty space and also the harmonic resources so deftly tapped for dramatic ends in a faculty hearing pulse-breaks out, at times in staccato

choral bursts (at one point taking the first soprano to top C sharp), at times lurching in the orchestral depths. The language of the composition, flourishing ornaments and spoken intrusions for the chorus, focussing particular significance of expression upon the solo singer, combines angularity and simplicity of utterance.

The Wanderer makes an impact; the large audience, though it may have come mainly to hear The Planets in the second half, was obviously held. And so was I, while wondering more than once whether its effectiveness was not, somewhere at its centre, crudely opportunistic, and while questioning whether there could be any room for further discoveries in a second hearing. This is a choral composition that could well be taken up by more than one grateful choral organisation; indeed, this may be Sobal's first big popular success. Andrew Davis, a regular Sobal champion, conducted a lucid and authoritative performance, admirably paced, with David Wilson-Johnson (gritty end of tone but accurate of musicianship) its bass-baritone.

THEATRES

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F.T. CROSSWORD PUZZLE No. 4,957

ACROSS 1 Party-game? (6-6) 10 Faced pole (5) 11 U.S. teeing's unreliable-foot-fault state? (9) 12 Bevan's Bl? (7) 13 Ruined OPEC's export-bastened round (7) 14 Intensity of small section at hospital? (5) 16 Such a gratuity can be appealing (9) 19 One knocking farm-machine running on semi-derv (9) 20 Clean sort of cavalry-weapon (5) 22 Exception keeping it in the family (7) 25 Whole, for example, in Bury (7) 27 Central tie on s girder (4-5) 28 Man's punishment that grows (5) 29 Thomas Percy's reliab? (9-5) DOWN 2 In trouble, conveniently (2, 3, 4) 3 Nocturnal climber of the wall in Paris (5) 4 Sleepers have carriages illuminated (6-3) 5 Thus faithfully we remain in business? (5) 6 Ideal trio arrangement for leader (9) 7 Live fit by day... (5) 8... the rest live round the 26 Shin up first-class piece (3) bend (7) 9 Ply in London street (6) Solution to Puzzle No. 4,956 15 Cardialgia, Keat's first symptom? (8) 17 As herring is served, one to add dressing needed (9) 18 CE praying amounts to hymn of praise, say (9) 19 Viking code of Anglo-Saxon England (7) 21 Basic soil, over a yard (6) 23 Com, before a superior (5) 24 Patch a cuff (5)

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

When switching markets produces a breakthrough

Jason Crisp continues a series on companies exploiting the liberalised UK telecoms market with a report on Norton Telecommunications

"WE ARE withdrawing totally from any research and development activities," says Peter Morris with some relish. But if as chief executive of Nortoo Telecommunications, he sounds as though he is trying to defy conventional wisdom, he can point to past experience when developing his own products proved nearly disastrous for the company.

Now, Norton believes that its strength lies in selling other companies' products into the market it knows. Principally an installation company, with some manufacturing activity, Norton is now adapting to become much more of a marketing organisation. And with the liberalisation of the UK telecommunications market some quite major changes have begun to take place within this 11-year-old company.

For a start Norton has firmly grasped the coattails of Mitel, the extraordinarily fast growing Canadian telecommunications company. It is one of just three organisations licensed to sell Mitel private telephone exchanges (PABXs) in the UK. The other two are British Telecom itself and ICL, Britain's largest computer manufacturer.

Although Norton only has a turnover of around £5m, it is now talking of selling £7m worth of Mitel large and small PABXs next year, even though the market for these products is not scheduled for liberalisation until the summer. It may be possible to start selling them earlier on the grounds that BT is already doing so. Total turnover for next year is expected at least to double to £10m in £12m, says Morris.

The Mitel deal is going to be a crucial factor for Norton if it is going to catapult itself from being a tiny—although reasonably successful—telecommunications sub-contractor into a significant company... which is what it hopes to do.

Mitel's PABXs have been very successful around the world. In just a few years it has become the second largest supplier of PABXs in the U.S. after Western Electric. It also became, after aggressive lobbying, the first company to break the ring of traditional suppliers to BT and win sizable orders



After the Monopoly

for PABXs, much to the other companies' annoyance. It has had a similar success in France and sells to a number of other countries, including the Middle East—many through Norton's offshoot in that region.

Norton was born in 1971 as a remnant of the rather grey area of telecommunications sub-contracting which had proliferated throughout the 1960s. Then, many good telephone engineers, trained either by the Post Office or one of the major suppliers, like Standard Telephones and Cables and Plessey, became freelance sub-contractors installing equipment such as PABXs. Rather like builders on the "lump" the self-employed engineers could make much more money than when employed at the Post Office.

When the Inland Revenue started to crack down on the engineers a number of companies, such as Norton, were formed to continue the sub-contracting. Morris, who joined Norton after it was founded, says of the circumstances which led to its creation: "It enabled us to carry on and do what we had been doing before in a more legitimate and acceptable way."

About a year later Norton was approached by IBM, the U.S. computer giant. It was looking for companies to install its new electronic PABX developed for the European market and which became the first to gain Post Office approval for installation in the UK. The installation work is the complex task of wiring the frames and the whole installation rather than

the alteration of the sophisticated software.

A great number of companies had been asked to bid, says Morris. He believes Norton was asked as well simply because it was in the Yellow Pages commercial directory. Since then, it has been one of the major installers of the IBM telephone exchanges. Norton also became involved in manufacture in the early 1970s. It began making automatic test equipment for STC and the other major suppliers. The key to its success then, very much as now, was its ability to respond rapidly and complete an order for equipment more quickly and cheaply than large companies could do internally.

However, in 1974 the company suffered major setbacks in the recession, particularly because its main customers—the large established telecommunications suppliers—began to cut back on sub-contracted work to do it internally.

The dependence on outside companies affected Norton's thinking and it began looking for a way to find its independence. After studying the leisure industry it decided to diversify into TV games. Norton claims it developed a game which was the first to have colour and considerable flexibility. Problems arose in getting the design completed of the necessary custom-made microchip for the game.

Norton saw an apparent goldmine fading as it missed the first Christmas period through technical problems. Then it was hit by low-priced competition from established semiconductor companies which used their substantial economies of scale to undercut Norton's specialist chips. Finally the TV game market collapsed for lack of demand.

For Norton the investment had been major. "It very nearly killed us," reflects Morris, who now believes the company should keep to the business it knows—telecommunications.

After the video games disaster Norton began another diversification—this time of markets. The two major areas it began to concentrate on were the Irish Republic and the Middle East,



Peter Morris: "The companies with the best products will want us to sell them"

selling anything from manhole covers to PABXs.

Norton has achieved more than one remarkable coup in the Middle East, where it sold 51 per cent of its subsidiary in January to its local partners. Earlier this year, in partnership with the Italian company Italtel, it won a sizeable contract for microwave communications. The main competitor was Nippon Electric Company of Japan, probably the leading international supplier of microwave communications systems. The contract is a significant feather in the cap of this small Luton-based company.

The Middle East now accounts for about 40 per cent of Norton's total turnover in the current year. The company hopes that considerable expansion in the UK will reduce its dependence on this area. Approximately 20 per cent of Norton's business still comes from the installation of the old-fashioned electro-mechanical Strower PABXs, mainly in the UK.

Its Strower business has been substantially lower than anticipated this year. Nevertheless Morris remains optimistic that there is still some life in the dying business of Strower exchanges. Because of the recession companies are more likely to extend existing old systems than buy new electronic exchanges, he feels.

Probably less than 10 per cent of Norton's turnover is now the installation and service of IBM exchanges, which are looking relatively antiquated in

comparison with the current generation of digital electronic exchanges.

Norton has a small manufacturing operation in Hinckley, Leicestershire, making parts for the old-fashioned Strower exchanges and logging equipment which monitors calls through private exchanges. It is also licensed to make other equipment. But, says Morris, "We are reshaping the company into a sales and marketing operation. If we become very good at that the companies with the best products will want us to sell them. It comes down directly to our greater ability to penetrate a market much better than outside companies."

Norton is currently owned by a small group of institutions and individuals, with two of the directors owning 24 per cent. Morris is, however, keen to achieve a public quotation for Norton although the timescale is not yet clear. One reason is to give Norton the financial muscle to acquire other companies in the field. "Liberalisation has given us the opportunity to seek acquisitions of substantial telecommunications companies which are lacking in direction," says Morris ambitiously.

He sees Norton as primarily a telecommunications marketing and installation company; this is why it is abandoning any attempts to do its own research and development. And for the same reason it is unlikely to extend its small manufacturing operations.

BOARDROOM BALLADS

EYE OF THE BEHOLDER

In the country of the blind They say the one-eyed man is king; But here, where most of us have eyes, The Government won't see a thing.

At least, it seems that what they see, About their promise 'in the sky, Requires perception of a kind Denied the banks or CBI.

For empty order books must be The spiced artefacts of those Who look, but have not eyes to see The holy emperor's new clothes.

Companies appoint receivers, Languish in intensive care, Mainly since the non-believers Will not see what isn't there.

Possibly we'll get the message If they tell them all once more, That we're bumping on the bottom, Not collapsing through the floor.

Acolytes of this religion Must affirm that things are better, Even though a few disloyal Businessmen are getting better.

The sacred place from which the priesthood Gains this transcendental view Is mainly Downing Street and Whitehall, Not the unemployment queue.

Glasses for the unperceptive, To reveal this growth and wealth, Rumour has it are on offer, Gratis, on the National Health.

Bertie Ramsbottom

Next week: The executive commendments

Increased asset

I run a petrol station and some years ago made a deal with an oil company that, in exchange for the exclusive right to supply me with petrol for 10 years they would advance me £50,000 to turn the station into a self-serve unit. Two clauses in my contract were (1) that I was to complete the work in three years (this has been done) or else return any money not spent, and (2) I could terminate the contract at any time but would have to pay the oil company of £416.66 per month for the unexpired period.

In fact I had to spend considerably more than the money advanced by the oil company. I now claim that I have an increased asset, when the highest price I have been offered for the freehold is two-thirds what I could have got for it four years ago? 2. How can the Revenue claim that the £50,000 received from the oil company was a gift, taking into account my contract with the company?

Your accountants are really the only people who can help you, because they know the full background facts. We cannot quite see what is behind your questions, so our replies must be of limited value. 1. The

expenditure doubtless resulted in the drop in value being less than it otherwise would have been; so the expenditure effectively enhanced the value of the property. 2. The oil company's contribution to the expenditure was not a gift; it was made for commercial considerations.

Private company

I was surprised by your reply to the letter headed "Private company" in Business Problems on July 14. You state: "There will in all probability have been no dividends declared in a company (ie, private, limited) of the kind you mention..." I had hitherto believed that such companies were required by law to declare a dividend of 80 per cent of after-tax profits. I would be obliged if you could tell me whether I am wrong on this point, or if there some legal method of "avoidance"?

Your assumption is not correct. A private limited company (ie, any company which is not a public limited company) is not required to declare any dividend however large its profits.

Governors and guarantors

I should be very grateful for your comments on whether

the board of a company limited by guarantee has any obligation to admit guarantors as envisaged in the company's articles of association? Has the registrar of companies any powers in this area? This arises in respect of a non-profit making company whose principal object is the provision of housing management services. The articles of association say that the number of guarantors the company proposes to be registered is 50. At present the guarantors appear to be limited to the two subscribers, who are apparently also the sole governors. Incidentally, is it still possible to inspect a company's file in London? Where please?

There would normally be no obligation on the board to admit members where the number of existing members is below the limit provided in its articles—see Article 3 of Table C—but the articles themselves should be examined to see if there is any provision to the contrary. Inspection of the company's file would now have to be effected at the companies registry in Cardiff; it can no longer be done in London.

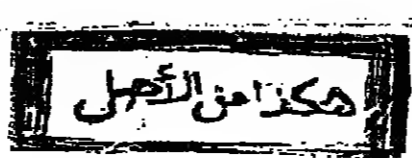
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هكنا من الكحل

Packaging

Slack trade and excess capacity characterise most sectors of packaging. But the industry has trimmed its labour and other costs and in programmes such as waste recovery is seeking to adjust to the demands of the eighties - as explained in this survey written by MAURICE SAMUELSON of our Industrial Staff.



CONTRACT PACKAGING: A small, discreet but expanding sector of the industry is formed by companies performing packing operations for manufacturing clients on a contract basis. As shown by the illustration above of sachets by Lancelock, one of the leaders in the field, clients include big brand names.

Alert to society's changing demands

PACKAGING IS among the least understood yet most apparent phenomena of the industrialised world. And in the 1980s it is undergoing changes as profound as those in the 1970s, when the age of affluence passed its peak and the view began to emerge that many goods had been excessively and wastefully overpackaged.

To the extent that most people are at all conscious of packaging, they now readily identify it with the unpleasant spoil tips of the consumer society.

But that is only the familiar negative side of the coin. For the way in which society packages its food and its other commodities also reflects the quality of its life.

When the housewife does her shopping, it is the quality and price of the food on the supermarket shelf which seem to determine her choice and the way it is packed appears at best, a secondary consideration.

In fact the container itself influences the housewife's choice, playing the role of what has been called "the silent salesman."

Yet the superficial attractiveness of packaging is only one of its functions. Even more important are its ability to preserve and protect its con-

tents, to be handled and opened conveniently, and to keep down the contents' price.

Competing for this market—estimated in the UK at between £3.7bn and £4.6bn last year—are a constellation of as many as 25 separate industries representing the different materials and processes available. At the top come the large national and multinational companies such as Metal Box, Continental Can and United Glass but with a host of other medium and smaller-sized companies filling specialist and non-specialist niches.

The industry's growth in size has been the reason for increasing public interest in and awareness of its economic and environmental impact—a devel-

opment to which the packaging manufacturers have felt obliged to respond in a variety of ways.

To deal with criticisms of waste, manufacturers have stepped up their involvement in reclamation and recycling programmes. The aim is not only to escape public censure but to reduce their own raw material and energy costs. The industry has also been anxious to demonstrate the responsibility it feels towards the consumer for the products it helps to sell.

At the same time self-interest, rather than social responsibility, is forcing the industry to try to increase its stake in packaging in the Third World in order to offset the difficulties being experienced in developed countries.

In their home markets, however, the western packaging manufacturers face the problems not of expansion but of contraction. Like the rest of industry, they have had to respond by cutting capacity and trying to raise their efficiency. As a result the industry and the goods it produces will be not only leaner and after in the 1980s, but in many instances startingly different.

In Britain lower spending power is already leading to slimmer forms of packaging and to a tendency to sell goods in smaller portions exemplified by "one shot" drinks containing as little as a fifth of a litre.

An element of unpredictability has also crept into the assumptions about which

materials are most suitable for packaging which commodities. In the past metal, glass and paper used to dominate well-defined areas. Now no one material dominates the packaging scene or any one part of it and there is a growing trend towards more flexible containers embodying a variety of materials.

Yet in their home markets too, the packaging manufacturers influence more than just the containers they provide. Metal Box, for example, is playing an important role in the UK in developing the foods which will sell best both in existing containers and in new types such as plastic food "cans," whose entry to the market place is now surprisingly close.

Changing social habits are involved in such curious novelties as the sale of liquid soap dispensers. This is creating a new market for plastic bottles and valves and will attack the position of wrapped bars of soap. Even the metal tube of toothpaste might find itself challenged by a wall-mounted dispenser.

The vogue for take-away meals, which has led to the U.S. being described as "the grazing society," as well as long-haul airline flights have given a big fillip to the aluminium foil container market.

The marketing and distributive functions of attractive and well thought out packaging may also be intensified as a result of the competitiveness of the 1980s

and of the rise of the super-market.

This trend was highlighted in a recent report by Euromonitor Publications* of London which concluded that effective packaging could form the basis for successfully launching new products. Changes in packaging, it added, "can endanger the position of a brand leader and revive the fortunes of the also-rans. In other words, packaging can hold the key to success in a more positive way than any other factor in the marketing mix."

The importance of the self-service supermarket can be gauged from the fact that by 1980 they had come to account for more than one third of food sales in the UK and 15 per cent of total retail sales. As a result self-service has been introduced into many other shops as well, exposing the customer to the direct influence of the packaging when it comes to deciding what to buy.

Meanwhile, although packaging manufacturers have plunged into a welter of recycling schemes, the public sensitivity about waste has not abated and may continue to be expressed in legislative moves on packaging.

In Britain, for example, this might lead to some form of tax ranging from 1p to 5p per container, on the non-returnable can, bottle or hybrid pack.

*The Packaging Report, 1982, Euromonitor Publications, 18 Doughty St, London WC1N 2PN. (138 pages), £96.

CONTENTS

Plastics	II
Metal	II
Paper and board	II
Glass	II
Recycling	III
Machinery	III
Flexible containers	III

ESTIMATED UK MANUFACTURERS' PRODUCTION/SALES OF PACKAGING MATERIALS

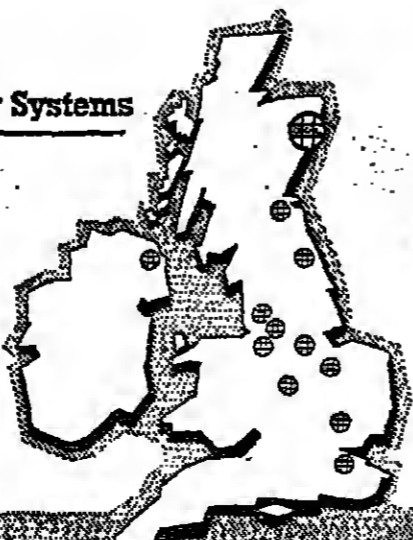
	1977	1980	1981
Paper for packing and wrapping ('000 tonnes)	142.0	138.3	114.3
Paper sacks (m units)	1,045.0	934.0	893.0
Paper bags and carrier bags ('000 tonnes)	102.0	81.0	74.2
Fibreboard cases† (m square metres)	2,429.8	2,397.3	2,395.2
Carton board for folding cartons ('000 tonnes)	558.0	508.0	487.0
Rigid paperboard boxes ('000 tonnes)	63.9	48.3	36.6
Regenerated cellulose film* ('000 tonnes)	76.6	78.0	74.7
All thermoplastic materials ('000 tonnes)	640.0	692.5	710.5
Glass containers (m units)	6,548.0	6,406.0	6,075.0
Closures (bn units)	15.8	15.3	14.7
Trilaminar for container manufacture ('000 tonnes)	899.0	718.0	715.0
Aerosols (m units)	532.0	498.0	489.5
Steel drums, new and reconditioned (m units)	39.6	33.5	32.5
Aluminium foil ('000 tonnes)	38.7	39.4	n.a.
Metal collapsible tubes (m units)	584.0	550.0	575.0
Jute sacks (m units)	58.7	50.9	48.5
Wooden pallets (m units)	14.5	13.6	10.7
Laminates ('000 tonnes)	122.1	129.7	114.9

† BFPA members. * Total sales figures. These are not synonymous with home sales by virtue of the large export element. Sources: Trade associations; Department of Industry; industry estimates.

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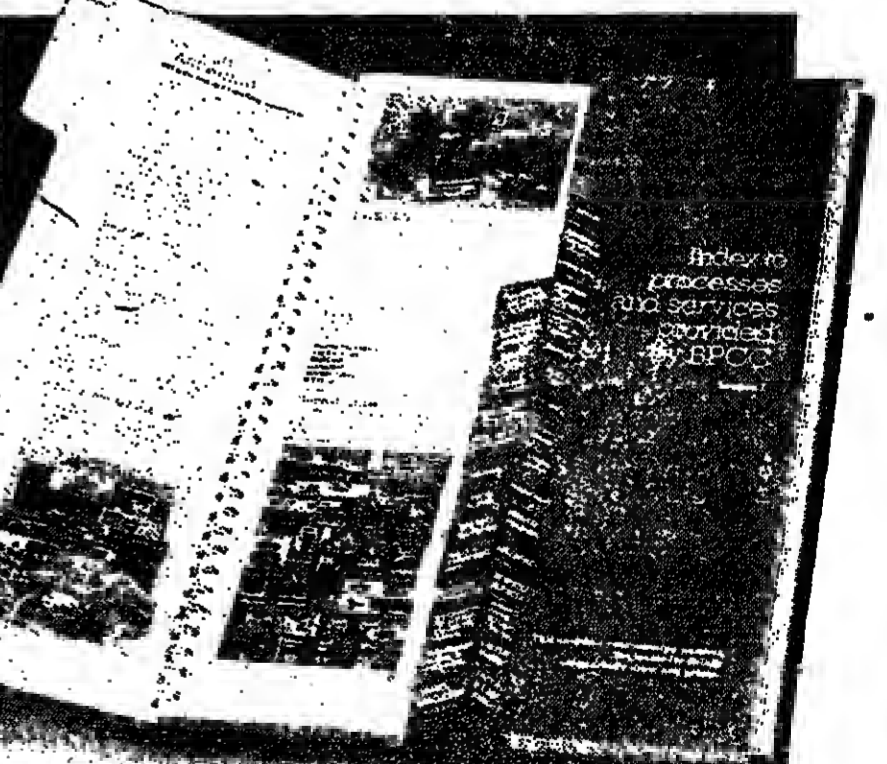
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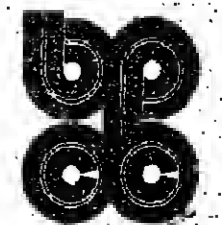
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REAPOR PLINES

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THE BIGGEST single user of plastics is the packaging industry, which in Britain accounts for about 35 per cent of the 2m tonnes of plastics produced each year. It appears in every size, shape and form—in sheets of differing gauges, as bags, bottles, trays, drums, crates and boxes. In many areas it has become a straightforward replacement for older materials. In others, plastics have created new markets of its own. There is also strong competition between different kinds of plastics. And in laminated packaging it combines with other materials, such as paper and foil, rather than replacing them.

About 50 per cent of plastics packaging is used in the food and drinks sector; 33 per cent goes to the chemicals and allied industries; and 15 per cent for packaging consumer durables. The chief characteristics of plastics are its lightness, versatility, strength and, even though oil is the basic raw material, its relative cheapness. In the

PLASTICS

UK last year, while sales of most other important packaging materials declined, those of plastics rose slightly in volume (to 710,000 tonnes) and in value (to £481m).

Even so, plastics widespread use throughout the economy ensures that it immediately feels the recession. The state of Western Europe's chemicals industry — said to be losing \$100m a month — is reflected in its over-capacity for the three main petrochemical "building blocks" from which plastics are made.

This year there is an estimated 37 per cent over-capacity for ethylene and benzene and nearly 35 per cent for propylene (a rise of 2 to 3 per cent over last year's over-capacity). There was only a slight rise last year in the UK's consumption of polyethylene — the leading plastics packaging material. Consumption of PVC (polyvinylchloride) remained unchanged. Polypropylene (PP), poly-

ESTIMATED CONSUMPTION OF UK PLASTICS FOR PACKAGING MANUFACTURE

	('000 tonnes)			
	1977	1978	1979	1981
LDPE	313.0	340.0	396.0	341.0
HDPE	99.0	114.0	134.0	122.0
PP	63.5	72.0	79.5	69.0
PS	87.0	96.0	92.8	83.0
PVC	58.5	59.5	61.0	51.0
PVOC	11.0	11.5	12.0	11.0
Polyester	0.5	0.5	4.0	9.5
Miscellaneous	7.5	7.5	7.0	6.0
Total	640.0	701.0	786.3	710.5

Revised Source: Packaging Review

styrene (PS) and expanded polystyrene (EPS) fared better. The only significant growth area was polyester from which PET (polyethylene terephthalate) bottles are made.

UK price movements told a similar story—those of high density polyethylene (HDPE), low-density polyethylene (LDPE) and PVC declined, only those of PP and PS went up.

In the absence of an imminent recovery, manufacturers are tackling the problem of over-capacity in the inevitable, painful way—by reducing it. In the UK this has been accompanied by moves to cut competition among major producers. While Imperial Chemical Industries has agreed to cease making LDPE, and to concentrate on PVC, British Petroleum Chemicals is to take the reverse step. Some 1,800 jobs would be cut as a result of this mutual arrangement.

In West Germany, with Western Europe's biggest chemicals industry, BASF has cut its capacity for LDPE by 200,000 tonnes, with more cuts to follow. Hoechst has shut 80,000 tonnes capacity for the same plastic and 90,000 tonnes of polyethylene capacity.

In the U.S., where packaging absorbs about 27 per cent of plastics output, over-capacity was cut by about 5 per cent last year but still remained considerable. PVC plant was under-

utilised by 30 per cent and high density polyethylene by 23 per cent.

As well as rationalising production, new investment is being cut or held back. Dow postponed construction of a polystyrene plant in Missouri, which was to have begun production next year.

Britain's plastics industry has been particularly affected by imports from Scandinavia, Europe, the U.S. and the Far and Middle East.

U.S. competition, however, may soon be weakened as a result of the Reagan Administration's decision to deregulate oil prices, which have kept U.S. plastic raw material prices down.

In 1980 (the last year for which figures are available) the UK imported 26,000 tonnes of polyethylene while exporting only 88,900 tonnes. Among the lower volume materials imports of polystyrene were almost three times as large as exports: polypropylene imports were marginally ahead. Only PVC exports (124,700 tonnes) exceeded imports (93,000). (Statistical and Economic Review of the UK Packaging Industries, published by PIRA, July 1982.)

While retreating on this front, the plastics industry is advancing on others. One of the most significant changes is the development of a new form of polyethylene called linear low density (LLDPE).

A recent survey of plastics packaging (Key Note Publications, 23 City Road, London EC1) contained a forecast that by 1985, LLDPE would displace a quarter of the 3m tonnes of non-linear low-density used in Europe every year.

By then, says the report, stretch films, sacks, heavy duty shopping bags and disposable bags—would have moved "completely" to linear low. Leading producers of linear low are Union Carbide, Dow, Exxon and Dupont. In Europe, Unifols in Sweden and Dow have announced new plants; it is also being developed by ICI, DSM of Holland and Solvay of Belgium.

BP Chemicals has added three grades of low linear film to its product range. The film is being produced by BP Chemie at Laveran, near Marseille.

In the U.S., where the move to low linear has already begun, its usage for food and non-food packaging is expected to more than treble by 1984.

MATERIALS

Most of the main packaging materials have felt the weight of the recession, with competition internally and from imports increasing. Trading experience and prospects are discussed here.

Problems of over-capacity

THIRTY YEARS ago metal reigned supreme among packaging materials. Today the drinking can is still highly popular but it has to contend with competition not only from glass but also from plastic and composite containers.

The food can, precursor of the drink can, has been hit even harder, mainly because of the deep pockets of frozen food and other changes in social behaviour.

Meanwhile, other forms of metal packaging have arisen. The aerosol container seems to be making a comeback after

vying the loss of 3,800 jobs in the past year and a half. Its most significant closure, earlier this year, was at Westhoughton, near Bolton.

The beverage can industry, like the glass bottle makers, is dependent on both the atmospheric climate and the economic and this year's summer sunshine will be reflected in their year-end figures.

But it will take more than a break in the clouds to justify all the investment in UK beverage can lines laid down in the late 1970s. The U.S. can-makers have started wincing eyeing one another to see which of them is thinking of pulling out.

There is likely to be keen competition, therefore, for major contracts such as Coca Cola's seven-year order for 240m cans a year from Nacanco which is due for renewal in 1984. Last year this order helped to make Nacanco the UK's biggest supplier of soft drinks and beer cans.

Another dimension to this battle is the steady switchover from tinplate to aluminium. Of the 2.7bn drink cans expected to be made in Britain this year compared with only one in eight of the 2.9bn cans made three years ago. While Continental is strongly committed to aluminium rather than tinplate, other companies are less dogmatic about which material to use. Metal Box has reached the 50:50 ratio, although its new two-piece line at Carlisle will further increase its aluminium usage.

Tinplate is still the favoured material for food cans, however. While UK sales of canned drinks have been on the increase, those of canned food have been falling, partly because of the preference for frozen foods and partly through imports of canned fruit and vegetables from Europe.

Even so, last year saw a surprising halt in this trend as UK production rose slightly (to 1,369,000 tonnes) after five consecutive yearly falls.

Less surprising was the continued increase (to 724,000 tonnes) in UK production of canned food for pets. This went into more than 1.6bn cans, ensuring that pet food stays the largest single user of cans in the UK.

Apart from beverages, pet food is still the only other commodity for which two-piece cans have replaced the traditional three-piece can in Britain. (Pedigree Petfoods purchases

UK BEVERAGE CAN DELIVERIES 1981

	(m units)				
	Metal Box	Continental Can	Crown Cork	American Can	Nacanco
Soft drinks	260	240	—	190	427
Beer					
1982	450	200	130	235	280
1981	125	50	—	—	130
Total	335	490	130	425	337

Source: Industry estimates.

its two-piece cans from Metal Box and from Mardon Hillingworth).

The main change in the three-piece food can for humans is the replacement of soldered seams by electrical welding which leaves the cans lead-free.

Another area of metal packaging which performed better than expected was the aerosol sector. Although last year's UK fillings fell 1.7 per cent (to 493.5m) their value rose to \$61m. This is an area where Britain has a fine export record—overseas sales rose to 107m units while imports dropped from 10m units to a mere 4m.

Profitability was also boosted by the closure of a plant by Aerosols International, which had eliminated over-capacity in at least one packaging industry. The main changes in aerosols are an improved valve (developed by Metal Box) and the switch to non-contractible propellants.

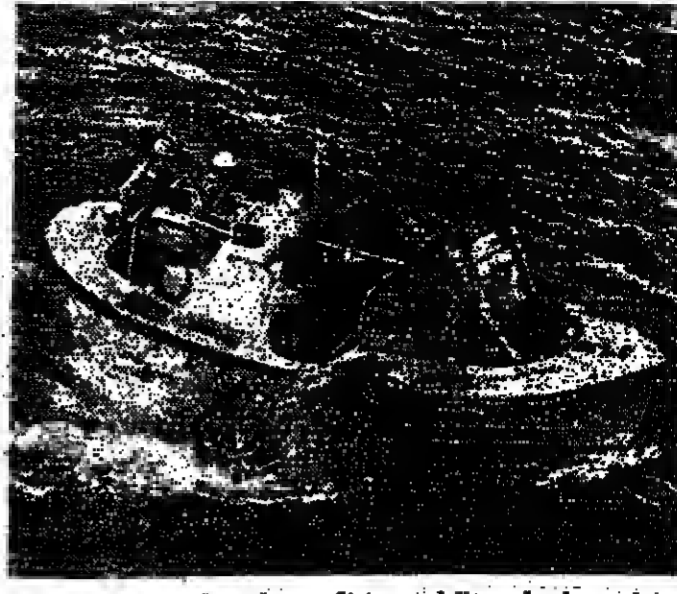
They are also starting to be used for food. A British supermarket is selling aerosols of preserved cream imported from the Continent.

Another change affecting metal containers (like other forms of packaging) is enhanced decoration aimed at increasing their appeal to the consumer. A range of new cans and aerosol cases produced by Metal Box has a brilliant gloss finish and the feel of enamel. Nacanco, which makes 40 per cent of the paint cans for the UK market, will shortly open a £2m flat steel decorating plant at Norwich.

Other containers for which aluminium is the main material are collapsible tubes, mainly for toothpaste, and aluminium foil, 60 per cent of which in the UK is used in food and drink packaging.

Tubes have been hit by the recession and unless they find a major new market may start to become vulnerable to rival containers. To the disappointment of the UK foil rollers, foil has a much lower per capita use in the UK than elsewhere. In Switzerland usage is almost 10 times as high, approaching the U.S. level.

Hopes for its greater use in Britain depend on the growth of instant and snack foods, where foil lids are popular. In some areas, though, such as cigarette wrappers, thin gauge foil is giving way to metallised paper.



During the Falklands conflict specially-made heavy-duty fibreboard containers were parachuted into the sea for recovery by the Royal Navy. Capable of floating for up to 24 hours, they were made by Tri-Wall Containers at the Tiltonson plant in Monmouth.

Putting a fresh face on exteriors

TUCKED AWAY in the UK packaging industry's most recently published digest of statistics are two figures which sum up both the tribulations and the hopes of the second biggest sector after metal.

One records the output by members of the British Fibreboard Packaging Association (BFPA) and shows that it fell in volume in 1981 compared with the previous year.

While this was no surprise in the present economic climate, it was the first time since World War II that production had fallen for two consecutive years, underlining the hard times which have befallen the industry.

At the same time better news emerged. An accompanying statistic shows that in the same

Case, of which Mr Howard is chairman, has moved from three to two shifts on its one corrugator at Purfleet, Essex. At Warrington it has taken out one of two corrugators and improved the equipment on the other.

The industry's main innovation in the past year has been to start improving the appearance of the cases' outer lining by flexographic instead of lithographic printing. This followed the adoption of equipment, called "direct drive knife," which greatly increases the accuracy with which cases are cut.

The flexographic printing is being used to print the layer of outer liner before it is stuck to the corrugated lining.

The object is to make filled corrugated cases attractive enough to be put directly on to supermarket shelves. Manufacturers are also trying to make them easier to handle and open.

In this way they hope to regain some of the business lost because of the increased use of shrink wrap plastic for transit packaging.

The UK fibreboard industry's performance stands out well compared with other sectors using paper or other forestry-based products. "Production of wrapping paper was down 10.9 per cent; paper sacks 4.4 per cent; paper bags 3.4 per cent; folding cartons 4.1 per cent and rigid paperboard boxes a massive 24.2 per cent.

The only sectors where slightly higher sales helped to compensate for the fall in volume were sacks (sales of £125m), folding cartons (£449m) and cellulose film (£120m).

Imports, however, continued to hit the UK carton-making industry. In 1980 (the last year for which figures are available) imports of cartons for the first time overtook exports, helping to cause the closure of Austin Packaging Company, on the Wirral.

No such troubles afflicted the UK cellulose industry, which remains a strong exporter. Although its exports declined (from £45m in 1980 to £31m last year) domestic sales rose from £33m to £43m, pointing to what could be a revival in its home market.

The fact that this occurred against competition from the big plastics film manufacturers rises of just under 7 per cent is regarded by Mr Howard as "fairly reasonable." The next pay settlement is due next month.

Efficiency has also been helped by running factories with fewer crews and reducing the number of shifts. Thames

the real success of the fibreboard industry has been in its reduction in spare capacity and its efforts to improve cases' appearance and convenience.

Although there is at least 50 per cent over-capacity in the number of its machines, there is only about 20 per cent excess in manned capacity. This is enough, however, to cause downward pressure on prices.

Fortunately, the industry's main raw material costs, largely influenced by the U.S. price for kraft liner, have been static and last year's negotiated pay rise of just under 7 per cent is regarded by Mr Howard as "fairly reasonable." The next pay settlement is due next month.

Efficiency has also been helped by running factories with fewer crews and reducing the number of shifts. Thames

France. Since these compete with canned foods, he thinks they may help to boost demand for bottled food to the eventual advantage of the UK glass industry.

The competition from rival packaging materials, meanwhile, evokes different kinds of reactions. The glass makers seem most at ease battling their old enemy, the can makers, in the huge beer and beverage markets. Giving bottles a wide mouth, decorative plastic sleeves and less weight are all measures inspired by the war against the can.

But the threat to glass from plastic bottles and flexible cartons is more difficult to counter, and, like the can makers themselves, the glass manufacturers have decided that the best way to beat these rivals may be to join them.

The three leading UK glass manufacturers are all showing varying degrees of interest in PET (polyethylene terephthalate), which has captured the market for 1 to 2-litre sizes of carbonated drink bottles. Like Metal Box, Redfearn National Glass is one of the UK's principal manufacturers of PET bottles. UGC makes PET miniature spirit bottles; and the separate plastics division of the Rockware Group is also looking at this remarkable material, despite its claim that PET cannot compete with glass in smaller sizes.

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But the most significant shift in bottle production was caused by the loss of the large size soft drinks bottle market to the two-litre plastic bottle. This forced the industry to concentrate on producing the 10 and 16 ounce standard shaped single trip bottle.

Unlike the situation in Britain, the U.S. glass industry, the world's biggest, is almost invulnerable to a serious threat from imports, which took less than 1 per cent of the U.S. market between 1972 and 1980.

The most important

Meeting competition on several fronts

UK MANUFACTURERS' SALES OF GLASS CONTAINERS

	1977	1978	1979	1980	1981
Value (£m)	267.0	316.2	352.9	384.8	381.5
By end-use (m units)					
Food	1,738	1,679	1,697	1,625	1,633
Dairy products	457	478	480	454	454
Wines and spirits	1,465	1,562	1,585	1,395	1,332
Beers and ciders	285	330	367	357	338
Soft drinks	1,519	1,390	1,453	1,214	1,186
Toiletries and perfume	195	167	145	141	120
Chemicals and pharmaceuticals	612	620	552	532	523
Household	155	145	131	132	130
Direct export	312	365	321	426	338
Total	6,548	6,736	6,714	6,406	6,075

Source: Glass Manufacturers' Federation.

difference, however, is that while the U.S. industry is expected to grow at an annual average of 1 per cent between 1981 and 1986 (at 1972 prices), the British industry is reconciled to contraction.

Another disturbing feature was that while UK manufacturers' domestic sales were falling net imports, which had been over 44m units in 1979 to 150m units in 1980, rose sharply again last year to 220m.

Total UK imports now stand at more than 10 per cent of the volume of home sales and it is common knowledge in the industry that some of the empty bottles are being brought here by UK glass manufacturers who can sell them more cheaply than bottles which they made themselves.

This is in addition to the imports of food and drink packaged in glass—for example, 70 per cent of wine sold in Britain is bottled abroad. There are also growing imports from Western Europe of jars of fruit and vegetables.

This exacerbates the competition which the industry already faces from the biggest traditional opponent, the can, and from newer rivals such as plastic bottles and laminated cartons.

In the face of this, however, the industry remains heavily optimistic. Mr Christopher Squires, chairman of the Federation's marketing department,

says that the bleak outlook for the next three or four years, "does not mean we will not be able to make a profit."

There was already some consolation in the fact that there may not be any further fall in volume sales in 1982 and that sales in the first half of the year had started to rise again, albeit by only half a per cent over the corresponding period last year.

This has been the result, at least in part, of huge masting reductions. In the past two years UGC has cut its workforce by 60 per cent—from 10,500 to 4,000. It now runs five factories instead of eight and some of the surviving plants have been drastically slimmed down. A similar process at Rockware has brought the workforce down to 3,800. This year it closed a factory at St Helens.

The overall result of the reductions, coupled with new investment, has been to cut the labour content of production costs. According to Mr McBurnie, labour costs have been cut from nearly 40 per cent to little more than 30 per cent and in some factories even lower.

According to Mr Squires, who is also marketing director of Rockware Glass, UGC's principal rival, there is even a good side to the increased imports of bottled fruit and vegetables, from the Netherlands and

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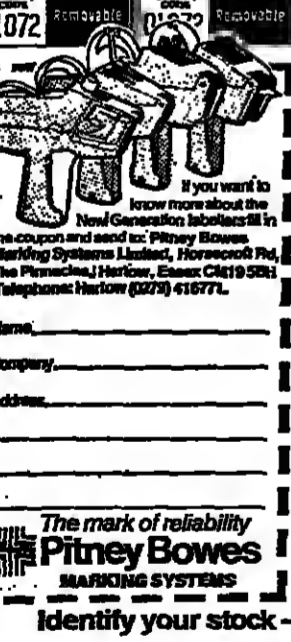
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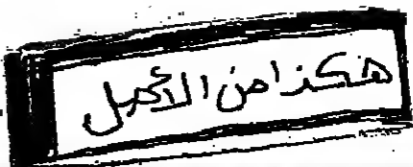
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Waste recovery programmes gain momentum

FOR MANY of us it has been the year of the Falklands, the Royal baby and the World Cup. For Britain's glass industry it is also a year of momentum. The Glass Recycling Year, marked by a proliferation of Bottle Banks and, in a few weeks, the opening of the country's most advanced plant for making new glass from old.

Reclamation of raw materials from discarded bottles and other containers is the one issue which draws forth a common response from manufacturers of packaging.

RECYCLING

and the pillage of irreplaceable natural resources, including fuel.

In many countries this concern has been expressed in attempts to legislate against waste, by setting targets for reclamation, by banning non-returnable beverage containers or other restrictions. They have had only limited success in terms of changing the statute book but far more success in terms of stimulating voluntary schemes by packaging industries. In Western Europe some 56 glass recycling plants have been built at a cost of at least £16m.

Similar objections were voiced in Britain by the House of Lords committee which scrutinises proposed EEC legislation. The Directive is not now expected to come before the European Parliament before November 1982, and to the disappointment of the environmentalist lobby, there are proposals to tone it down into a mere recommendation. "That means nothing will happen," says Mr Roger Elliott, resources consultant to the Friends of the Earth, the leading UK anti-waste organisation.

The Friends of the Earth was no more successful in promoting a U.S.-style Bottle Bill, in Britain. On November 19 1981, the House of Lords, by 69 votes to 30, refused a second reading to Lord Beaumont's Beverage Containers Bill.

GLASS RECYCLING IN EUROPE

Country	'000 tonnes recycled		Per cent of production
	1980	1981	
West Germany	600	673	24
France	336	416	20
Italy	320	350	20
Netherlands	n.a.	180	33
Belgium	190	100	35
Switzerland	n.a.	92	26
Britain	55	85	4.5
Austria	n.a.	44	20
Denmark	n.a.	20	8
Ireland	n.a.	6	8

Source: Industry estimates.

amount recycled in West Germany, France and Italy.

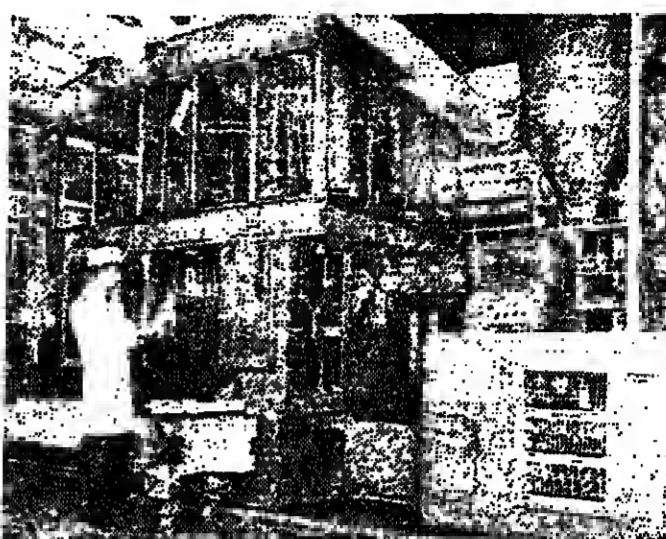
This year some 1.8m tonnes of glass are expected to be recycled in the EEC, more than some of its members' entire glass production. The difference reflects the much more energetic attitude towards waste reclamation by central Governments on the Continent than in Britain.

In France, where the glass industry has been able to obtain financial incentives for saving energy through recycling, the Government and the industry agreed on a programme to achieve a 12 per cent cut (between 1980 and 1984) in the amount of energy used in bottling a hectolitre of wine.

The recycling of cans, currently at about 70,000 tonnes a year, could increase by 50 per cent in the next two or three years with the expansion of separate schemes for tinplate and aluminium collection and mechanical separation methods.

High imports ratio in UK market

THE BIGGEST investment a company can make in packaging is to purchase new machinery for filling, sealing and labelling its products.



The first in-house production plant for PET bottles for cooking oil in the UK, installed at the Liverpool refinery of J. Bibby Edible Oils.

Costly machinery is also used for case packing and cartoning and for all kinds of wrapping. In view of the many changes taking place in packaging, one would expect that this is causing a boom in demand for the machines required to make the new containers.

But so far, with many packaging changes still only at an experimental stage, the boom to the machinery makers has yet to be fully realised.

MACHINERY

Broadly speaking, the industry is dominated by manufacturers in the U.S., the only country which can compete internationally in most ranges of heavy packaging machinery needed by factories with large production lines.

Other countries' industries tend to specialise in particular areas of packaging. Outside the U.S., the chief suppliers are based in West Germany, Italy and Switzerland. Britain, too, has some well-respected companies but its industry as a whole has suffered a historic decline.

The travails of the British manufacturers are evident when one compares their performance with that of their U.S. counterparts.

This year, the combined value of U.S. food processing and packaging machinery exports is expected to approach \$1.1bn, a 9.2 per cent rise over 1981. Imports to the U.S. are diminutive in comparison. They are expected to reach \$318m, a rise of 6 per cent over last year.

oustripping other machines which cycle 5,000-6,000. About 90 per cent of Molin's machines are exported. Of last year's total sales of £123m 33 per cent went to North and South America. It is now breaking into the market for soft cigarette packages, which are dominant overseas, in contrast to the rigid, hinge-lid types used in Britain.

● Metal Box Engineering, a division of Europe's largest packaging company, is involved in all aspects of package making and packaging machinery, with more than 45 per cent of its sales going to markets outside Europe.

Through its subsidiary Meta-Matic, it sells specialised handling equipment throughout the world, including the U.S. It has also developed computer-based systems to optimise customers' production. One is a computer-based simulation technique called PLUM (production line up-rating method), which enables the user to up-rate existing production lines or design highly efficient new ones.

● Autowrappers, a Norwich-based part of GEI International, exports more than half its annual output, with customers in Africa, Australia, the Eastern bloc, the Far East and in North and South America. It provides many kinds of wrapping machines and carton erectors.

Growing vogue in liquids packs

ONE OF the most striking trends in packaging is towards lighter, cheaper and more flexible containers. Although many incorporate some metal and paper, they provide further evidence of the continuing penetration by plastics, especially into areas where glass is traditionally dominant.

The trend is evident in the conquest of the fruit-juice market by cartons made of laminated plastic, paper and foil; in the growing sales of wine in bag-in-the-box; and in the capture of much of the carbonated drinks sector by PET plastic bottles.

FLEXIBLE CONTAINERS

While these new forms of packaging are mainly for liquids, flexible or semi-rigid containers are being developed for solid foods as well.

The only reason why it has not already been offered to the British housewife appears to be the reluctance of British retailers to be first in the field with such a new concept. For unlike many packaging innovations which first gained currency in the U.S. or elsewhere, Lamapack is a British development.

Many of the current changes in Britain towards more flexible containers originate from overseas. This is reflected in the success of milk and fruit juice cartons with registered trade marks, like Tetra Brik, Pure Pak and Combiobloc.

A startling example in Britain was the recent decision of Beecham Foods to take its Ribena black-current drink "down market" by selling it diluted in small Tetra Brik packs. All three leading brands of cartons are also benefiting from the growing sale of milk through supermarkets, which prefer them to returnable glass bottles.

This is belatedly prompting the British packaging industry to enter the same field. Metal Box, which already has its own method of handling long-life cream, is developing its own system for packing milk. Ironically, it once had a 50 per cent stake in Liquid Packaging, the UK licensee for the Pure Pak carton. Liquid Packaging now belongs to the Norwegian Elopak company, which has the licence to manufacture Pure Pak in Scandinavia, Western Europe and much of Africa and the Middle East.

Mardon Packaging International, Britain's second biggest packaging company, has also been impressed by the success of Tetra Pak and is understood to have bought the UK licence for a Japanese liquid packaging system.

Tetra King. Made of expanded polystyrene, this container looks like a D-shaped can. In Britain it is used by Marks and Spencer for flavoured milk shakes. Far more important, it is being made on the wine trade by being even more bizarre bag-in-the-box—consisting of a plastic sack inside a corrugated case. The wine is drawn by a tap from the bag, which contracts as it is emptied, thus remaining airtight.

Already well-established in Australia and South Africa, these containers entered the British market for table wine 18 months ago and there are now nearly 30 different labels of wine marketed here in this way.

Stowells of Chelsea, the Whitbread subsidiary which was first on the scene with bag-in-the-box, calls it "a packaging miracle." The company originally aimed to sell 180,000 boxes in the first year but finally disposed of 2m. It estimates that as many again have been sold by other companies.

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TURNER AND NEWALL

'We thought we were fireproof'

By Carla Rapoport

UK depression confirmed

THE APOLOGIES offered in advance by Mr. Norman Tebbit, the Employment Secretary, can do nothing to reduce the significance of the appalling UK unemployment figures published yesterday: nor are they much affected by the statistical orthodoxy of his officials.

It appears that the trend did not worsen dramatically last month, as the figures suggest—but that is only because the apparently encouraging July figures prove to have been an illusion. The fact is that unemployment is still rising by almost half a million a year, and nothing, but wishful thinking, can find the faintest suggestion of the plateau Mr. Tebbit thinks we may be approaching. On the contrary, the upward climb seems to be getting rather steeper. The trend is precisely what might have been expected in light of the recent warnings from the Confederation of British Industry, whose feel for the economy has consistently proved to be sensitive and accurate.

Consistent The more hot-headed Government supporters who accused the CBI of political betrayal simply for telling the truth should be ashamed of themselves.

It would be remarkable, indeed, if the news were not bad for everything we know about consumer demand—international trade and the demand for credit is consistent with a deeply depressed economy caught in a world recession. Yesterday's trade figures give the world background. UK exports are declining in volume, as must be expected in a very soft market. Imports are rising at perhaps 6 per cent annually—the trend is hard to disentangle from the chances due to the inventory cycle. This confirms long-established trends: the internationally competitive companies which dominate the export trade are more or less holding their own, but those which have looked mainly to the home market are losing ground to foreign competition.

Italy: unsteady as she goes

ITALY'S politicians have once again hewed their world, following the country's first ever government crisis in the holiday month of August. Just two weeks ago, events seemed destined to culminate in the big bang of autumn general elections: in the event they have ended in the apparent whimper of a completely unchanged administration—the first time this has happened in the 42 government crises which have dotted Italy's post-war history.

To mark the occasion, Rome's already richly baroque political vocabulary has gained a new phrase: "novelty in continuity." The outsider observes with cynical amusement that the only novelty is that absolutely no modifications have been made, either in the subtle balance of factions in the five-party coalition, or in the men in charge of the ministries.

Indeed, at first glance it is the continuity which strikes the eye, in itself a tribute to the remarkable power of conciliation of Sig. Giovanni Spadolini, the Prime Minister. More than ever, he stands clearly as the only possible point of compromise between the Christian Democrats and Socialists, whose uneasy, often quarrelsome, relations provide the main memory of Sig. Spadolini's previous 13-month long government.

Resolve But the decision of the parties to put off so electoral confrontation, perhaps until next spring, will only be justified if the new government can summon up enough resolve to tackle economic problems which the hiatus of the crisis has done nothing to diminish. The previous administration, in almost its last act, approved a sweeping package of measures that would in theory bring Italy's runaway public finances under control. A new and similar package is now being proposed, which will have to be approved by Parliament. If nothing is done, the PSBR will reach 14 per cent of gross domestic product this year, and if alarmist estimates are to be believed, 20 per cent next. When one considers that the proportion ranges from 1 to 5 per cent in most other industrial economies, the urgency of the moment is plain. But the question remains whether the new government, even more aware of impending general elections than its predecessor, is any better equipped to take necessary unpopular decisions, that will win few votes.

Much the same goes for the other matters with which the new Spadolini Cabinet will have to deal, above all, the need to contain labour costs. Inflation is moving ominously back towards the 16 per cent level which the previous government insisted was the maximum. This, in turn, may make the trade unions less inclined to moderation in new wage contracts outstanding for 10m workers, which should have been settled months ago. Overshadowing even this is the importance of a measured, authoritative government to act, as it probably will have to, as midwife for a new understanding on wage indexation between employers and unions. This will replace the old Scott-Walker mechanism, revoked by the former last June 1.

Reform

So much for the continuity. But what of the novelty? The one interesting innovation of the new government's programme, which it will present tomorrow to parliament for the traditional vote of confidence, involves institutional reform. Italy's 1948 constitution has served it well, by providing an unimpeachably democratic framework within which the country's contradictions (be they the largest Communist party in the West, or the huge gap between rich North and poor South) can exist. But few deny any longer that changes must be made to strengthen the hand of the executive part of government, and streamline the workings of parliament. There are times when checks and balances can become too much of a good thing.

Sig. Spadolini, whose every instinct is to bring Italy even more closely into the Western European political mainstream, is committed to setting up an all-party commission from both houses of parliament to examine ways of updating the constitution. It may well be that even this innovation proves to be little more than a fig leaf to justify the return of the fractious socialists to the government.

Certainly, if elections do come next spring, as so many commentators are forecasting in Rome, it will have little chance of achieving much in the meantime. But if the commission does prove the first step along the road towards providing Italy with a system of government which is economically advanced, then this first August crisis, causing inconvenience for so many, will not have proved a waste of time.

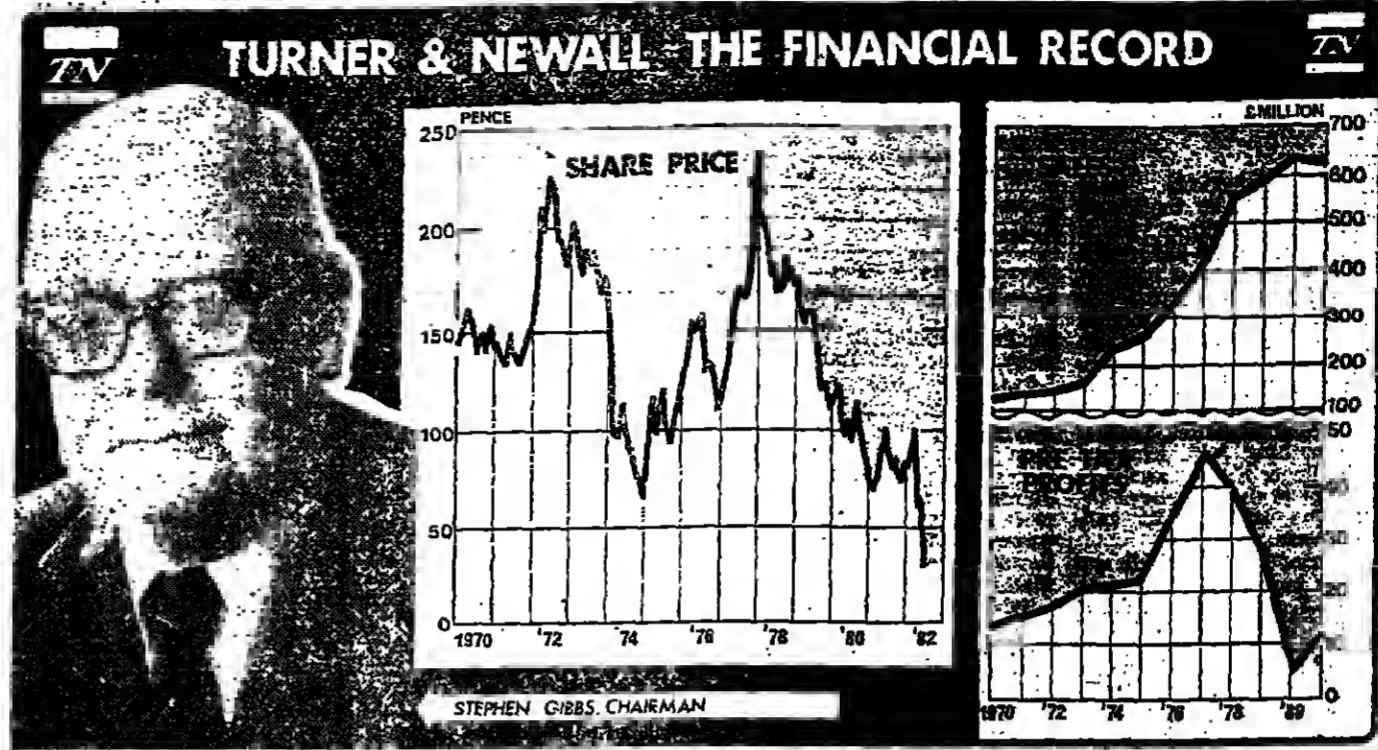
IN A modern, austere office block on the banks of the muddy River Irwell in Manchester, executives of Turner & Newall readily admit they have had one hell of a summer. In addition to financial, recessionary troubles, T & N faces a renewed controversy over safety standards in the use of asbestos, a subsidising share price which has reduced its market capitalisation to less than a fifth of its net worth, and the unpleasant prospect of announcing losses when it reports interim figures next week.

Today's problems, however, did not grow out of the recent television focus on asbestos (see panel). For 20 years, T & N, still the largest manufacturer and exporter of asbestos-based products in Britain with a turnover of £625m last year, has been trying to dilute its dependence on the mineral. Now, the management recognises that, for the most part, these efforts failed. It is a story from which any company can learn, and the lessons have precious little to do with asbestos.

Founded in 1920, Turner & Newall began to falter handsomely in the 1930s. The post-war building boom saw T & N asbestos-reinforced cement and insulation materials going into ships, buildings, pipes, and roofs for schools, hospitals and office blocks around the country. Ferrodo, its subsidiary which makes asbestos-based brake-linings, prospered with the growing motor industry and expanded headings overseas. The company's return on capital employed surged ahead standing nearly 10 points higher than the average for UK industry, and topping 25 per cent for most of the 1950s. With operations in India, Africa, Canada and the U.S., T & N had emerged as one of the world's largest completely integrated asbestos companies, with control of the product, from the mines in Rhodesia and Canada through to the customer's warehouse.

So when the company decided to diversify, the executives who had grown up during this era, perhaps understandably, approached the move somewhat in the way that a pampered mistress might spend freely on her first trip to Paris. British Industrial Plastics was purchased in 1961 for cash and share deal worth about £18m. This price, compared to BIP's pre-tax profits of about £1m in the year before acquisitions looks extravagant, even by today's terms. One felt plastics was a modern industry, says Mr Wilfred Howard the T & N group public relations officer, who has been with the company since 1956.

If T & N was hoping for a quick pay-off from BIP, it was soon disappointed. The following statements are extracted from T & N reports and accounts: "60-61: 'Turnover at BIP was maintained, although profits were somewhat lower.' "61-62: 'The result at BIP was achieved only by some sacrifices in profit margins.' "63-66: 'Pressure on (BIP's)



profit margins remained severely depressed. Profits (at BIP) were maintained.' If there is a single explanation for this indifferent record, its name might be Mr Ian Smith, the breakaway Prime Minister of what was then Rhodesia. Efforts that might have gone into BIP were instead diverted by the Rhodesian crisis of the mid-60s. Britain's response to Mr Smith's Unilateral Declaration of Independence blocked the company from its finest source of asbestos fibre and, at a stroke, reduced attributable profits by £2m to £7.3m in 1966. Even so, T & N did not pass this misfortune on to its shareholders by cutting its dividend. With hindsight, this omission may have been a costly mistake. Management time was further squeezed during these years as T & N pushed through from 1962 to 1968 without a finance director, a suitable candidate

STEPHEN GIBBS, CHAIRMAN

apparently could not be found. If 1967 and '70 seven years, until 1971, to push profits past the level they reached before UDI. This lacklustre performance was highlighted by a 1973 Monopolies Commission Report on the asbestos market. It concluded that T & N's dominant position in the UK market place had slowly eroded. T & N no longer enjoyed this dominance because it had been unable to defend its share of the market on the merits of its quality, service and price. Then, as now, T & N's UK rivals were Cape Industries and the BBA Group. Internationally, its closest competitors are Manville Corp. and Raybestos-Manhattan in the U.S., and the Swiss/Belgian Eternit group. Citing specific cases, the Monopolies Commission report stated: 'the management (until recently) has been unwilling to contemplate changes in long-

established habits, even when changing circumstances had clearly made them obsolete.' By the end of the 60s, the report showed, return on capital employed in the company's asbestos business had declined from 17 to 13 per cent. 'We didn't protect our position as a low-cost producer,' says Mr Martin Bell, Finance Director since 1976. 'We thought we were fireproof.'

The head of T & N during those years was Sir Ralph Bateman, son of the company's founder and a family friend of the Turner family who became chairman after 36 years of climbing through the ranks. Employees didn't argue often with Sir Ralph; he had a very clear idea of how things should be done. Under his administration, the company's plastics activities were expanded and T & N's overseas interests widened. There was a marked change

THE GREAT ASBESTOS CONTROVERSY

THE RECENT outcry over asbestos-related disease is the latest in a series of controversies over the mineral which has been linked to lung disease (asbestosis) and a fatal cancer (mesothelioma) for more than 50 years. Like cigarette manufacturers, nuclear energy companies and those in the chemical business—among others—asbestos companies have been subject to increasingly strict government regulations over the years. A recent trip to Turner and Newall's Rochdale plant, where thousands of tons of asbestos are processed each year, showed how carefully the company controls dust with modern equipment and extensive monitoring devices. Regular health checks at the factory are mandatory for all employees—this reporter failed one of the eight tests

which are used to screen out the potential for, or incidence of, lung damage.

Turner and Newall vigorously denies the allegations about safety standards in the use of asbestos which were made in the recent Yorkshire Television programme on the subject. The company is now considering taking legal action against the television company.

Supporters and opponents of those claims, and even in its reduced circumstances, says it is capable of meeting its obligations without undue strain. The company forecasts that claims should be no more than 1 per cent of future turnover. None the less, with public awareness of asbestos-related disease now heightened, it is possible that the rate of these claims will increase. In the U.S., for example, claims against asbestos companies have snowballed into a multi-

paper, the Asbestos Litigation Reporter. Perhaps more significantly, Manville Corp., the largest U.S. producer of asbestos, recently admitted its quarterly dividend and announced it would have to begin making financial provision for litigation which, it said, could go on for several years.

Manville's move came only a few days after UNR Industries, a much smaller Chicago-based company, filed for bankruptcy because of the claims against it from asbestos-related disease. The legacy of the disease is unlikely to have such a dramatic effect on Turner and Newall, but the company's present weakness and the unquantifiable nature of future claims make the job ahead for T & N executives just that much more demanding.

An overhanging worry, however, is the prospect of shrinking demand for asbestos-based products because of fresh concern over health risks. 'We continue to spend a lot of money to find replacements for asbestos,' says Mr Stephen Gibbs, the chairman since 1979, but remains confident of the minerals longer-term importance. With some 50 per cent of the company's turnover coming from asbestos-based products, he needs to be. 'We have to do something to restore confidence in asbestos,' he says. Mr Gibbs, 62, intends to stay with the company until it shows signs of turning up. A large, broad-faced man with a bouncy manner, Mr Gibbs says: 'There is no reason to believe we'll be tripped up during our recovery period.' Nearby, Mr Bell wipes his hand over his beard and gives a worried smile.

Men & Matters

Off the air

William Paley's career at CBS has spanned almost the whole history of broadcasting, and his influence both on the media and American culture is immeasurable. David Halberstam in his book "The Powers That Be," describes him as one of the staggering success stories of the century, combining the prime energies of American huckstering with the explosive potential of American technology.

But now the story may be drawing to a close. The word in New York is that Paley now over 80, is to become a partner in a privately-held business that owns one third of the International Herald Tribune and that he may step down from the CBS chair in the next few months. Paley knew what the public wanted—all the way from Jack Benny to Mission Impossible—and he gave it to them, as they say, in spades, keeping CBS top of the TV ratings for 20 consecutive years. He also moved broadcasting into the field of public affairs, and through the voice of Ed Murrow CBS played a major part in bringing World War II home to the American public.

His first exposure to broadcasting came in 1925, when his family's cigar business sponsored the Miles La Palma Hour on a local radio station. Fifty dollars a week brought him the lady in question plus a 10-piece orchestra. Three years later he was a struggling radio network, and he has ruled it with an iron rod ever since. A stream of beils-apparent has come and gone in the past 15 years, and his toughness is legendary. Someone once commented to novelist, Truman Capote on how well Paley looked. "Yes," Capote agreed, "he looks like a man who has just swallowed an entire human being." But CBS has lost its powerful momentum in the past decade and Wall Street has become in-

Overdue

creasingly restless about its leadership. Recently Paley told Fortune: "I have a successor in place. Someone might say these are famous last words, but this time it's for real."

His apparent successor is Thomas Wyman, who has been in that role for around two years, despite numerous rumours of imminent dismissal. He appears to be a natural survivor, having worked in the past under two other formidable entrepreneurs: Edwin Land at Polaroid, and William Spoor at Pillsbury.

Out of view

When the news gets really depressing, there is always a temptation not to pass it on. But I am sure that the National Institute of Economic and Social Research's quarterly review will appear today without its usual forecast for the UK economy. The Institute has been consistently gloomy about the prospects for recovery and unemployment and has strenuously urged more reflationary policies. This time, however, the review will be devoted almost entirely to an evaluation of Britain's productivity record in an international context.

Editor David Savage tells me that preparation of the normal forecast occupies about 10 members of the staff for around six weeks and has had been considering for some time whether to divert these resources to other topics for the August issue. "It's something of an experiment," he says. Saving money was apparently not an important motive. But the Institute may, nevertheless, be making a point to the Treasury in view of the substantial cut in official support which it has suffered in recent years. I wonder, too, whether a study of British productivity will make more cheerful read-

Cover point

See what can happen if you take an American to a cricket match. Ford Beckman, a 29-year-old designer from Tulsa, Oklahoma, "liked it so much that I sort of thought I would design something out of it."

And now Cox Moore, the Nottingham knitwear company, and Austin Reed have joined in a promotion of his classically-styled sweaters that should increase British exports to the U.S. Beckman, who looks as though he has eaten just slightly too much ice-cream, believes that the new range will push the popular preppy-look "out of the classroom into the upper class" —a move that the film Charlots of Fire already appears to be encouraging.

The sweaters may owe their design to the cricket field. But Beckman's choice of colours—peach, pink, lavender, purple, turquoise, yellow and green—are likely to turn any member of the Long Room puce if worn at Lord's. "We are working with Ford to give the Americans British quality plus a look they will buy in colours they will appreciate," says Cox Moore's merchandiser director Cowan Jamieson. The range will be sold directly to America where the group is strongly entrenched. But Austin Reed, which has a long history of launching new collections in the UK by noted designers, will have exclusive rights in Britain for a year. Managing director Peter Reed says the range will be introduced carefully, first in London, Edinburgh and perhaps Leeds. There are some places in Britain he admits, that might find the Beckman colours a little too adventurous—and he was not thinking just of Lord's.

ing than a forecast of the UK's future output. We'll see.

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Observer

BUSINESS AND BIOTECHNOLOGY

All that glitters is not gold

By David Fishlock, Science Editor

A HEADLINE that seems certain to infuriate many research workers in the biological sciences appears in a recent issue of one of the world's leading scientific journals: "Nature's guide to bio-riches" it says definitively.

The headline heralds the first monthly listing of the U.S. share performance of 15 "representative" biotechnology companies, compiled with the help of E. F. Hutton and Company in New York. Using this list the magazine has calculated a "biotechnology index" which, in contrast to the gloomy view now being taken of biotechnology by much of the media, rose 2.7 points during July.

The 15 are an international mixture of established biotechnology companies, such as Novo Industri (Denmark) and A.B. Fortia (Sweden) and some of the better-known new ventures set up in the last few years specifically to exploit genetic engineering, the new techniques for modifying microbes.

These new ventures, particularly, have annoyed many scientists in university and other established centres of medical science, because of the intense effort they have made to woo bright young talent away and build up their research teams.

As some scientists see it, Ph.D.s are being seduced from the paths of "pure" science by large salaries and slices of equity in the new ventures. They fear the consequences of this unseemly rush to find "bio-riches" for the future of the science itself.

Some big companies — Hoechst of West Germany for example — have begun funding major research programmes in acknowledged centres of academic excellence. Four big non-competing UK companies — John Brown, Dalgety-Spillers, Gallaher and Whitbread — are doing the same kind of thing with the Leicester Biocentre next month. But such deals still give the sponsors right of first refusal to patent new ideas and inventions — and this has caused some resentment among some academics who want the work to be freely published.

In Britain, the notoriously uncommercial Medical Research Council (MRC) caused resentment when it made an agreement in 1980 with a new state-backed biotechnology venture called Celltech, giving this company an option on its new discoveries. Celltech was suffi-

TECHNOLOGY

Celltech: gene machine is coming on stream

How Celltech clones the remmin genes

Biotechnology finance fades

New backing for bioengineering

Social pulls out of venture with Cetus

Call for biotechnology aid

ciently attractive to the private investor to obtain more than half its launch capital in the City.

Biotechnology investments has invested only a relatively small fraction of the \$48m subscribed to its fund last year. A business manager and a scientific adviser from the bank visit every venture before any investment is made. "We are still completely confident that this is a winner," Lord Rothschild said. But investors so far as in the U.S. and Switzerland; they include no venture in Britain, West Germany or France.

In France, the Mitterrand Government has few doubts that biotechnology will eventually be a winner. It fears the devastating competition success overseas could inflict upon some of its traditional bio-based industries such as wine and cheese. The agro-business is France's second-biggest industry.

The French plan, drawn up by a team led by Dr Pierre Douzou, a microbiologist advising the minister, involves 15 major French companies already in biotechnology, such as Rhone-Poulenc, Merieux, Air Liquide and Pernod-Ricard. Dr Douzou has no illusions about either the timescale — he is taking a 20-year view — or the high cost of establishing the new technology.

In France, according to Dr Douzou, academic scientists and industry are now eager to cooperate in developing biotechnology. In Britain, the two camps still seem unreconciled.

The new biotechnology ventures fall into two broad camps. One camp is composed of ven-

LEADING BIOTECH STOCKS

Company	Total market value
A.B. Fortia (Sweden)	444.1
Bio-Response (U.S.)	23.4
Cetus (U.S.)	174.0
Collaborative Biotech (U.S.)	64.0
Collagen (U.S.)	91.2
Danisco (U.S.)	42.9
Enzo-Biochem (U.S.)	73.8
Flow General (U.S.)	68.0
Genentech (U.S.)	245.3
Hybridon (U.S.)	110.0
Molecular Genetics (U.S.)	34.0
Nova Industri A/S (Denmark)	435
Monoclonal Antibodies (U.S.)	19
Genetic Systems (U.S.)	37.7
Bio Logicals (Canada)	16.2

* At June 25. Source: Nature

tures guided by distinguished scientists who have no illusions how difficult and long-range are the targets they are tackling. The other (much larger) group consists of more opportunist ventures.

In the first group are such companies as Genentech, one of the Californian pioneers of the biotechnology boom, some of whose scientific papers are regarded as outstanding. Another is Biogen, in Geneva, managed by the Nobel-prizewinning American, Walter Gilbert, and counselled by a galaxy of scientific stars. Celltech has modelled itself on this kind of company, with a panel of illustrious scientific advisers.

"It's a fast-growing and very unstructured industry — a little bit wild but very exciting," says Mr Gabriel Schneringer, a former executive with a big U.S. health-

care group who last year became chief executive of the Genetics Institute, a new Boston-based genetic engineering company, just 50 strong. This company was started in 1981 by two Harvard University professors of international renown, has attracted over \$10m from two corporations — Sandoz, the Swiss pharmaceutical group, and Jacobs Engineering Group of the U.S., which makes fermentation plants and from a number of individual venture capitalists.

But primarily it claims to exist to tackle some genuinely tough targets of medical science, such as making a genetic engineering of the protein that causes blood to clot (to treat haemophilia) or the newly discovered hormones that regulate the body's immune mechanism. Scientists recognise these as targets of a complexity "that few if any will succeed," that few if any will succeed."

Britain's politicians stepped into this uneasy state of affairs, where science and commerce are still getting to know one another a few months with a report that few are likely to see as very helpful. The biotechnology report from the Education, Science and Arts select committee of the House of Commons showed little understanding of, or sympathy for, the commercial case.

The MPs were keen to lay blame for any shortcomings in the way of Britain in handling the biotechnology boom at the door of the National Research Development Corporation, now the new-ventures arm of the British Technology Group (BTG), the Department of Industry's own investment vehicle. They call for an end to the

BTG's monopoly rights over research funded by the research councils, and an end to any restrictions on scientists taking their research "to the open market."

The MPs also want the relationship between the MRC and Celltech — in which the BTG has a stake — reviewed urgently "particularly as far as exclusivity in access to MRC-funded research is concerned," before BTG attempts to set up a "country cousin" of Celltech to exploit the research of the Agricultural Research Council.

Mr Gerald Fairclough, chief executive of Celltech and the industrialist who masterminded an *entente cordiale* between the MRC (at least, at top-level) and commerce, says diplomatically that it must be a good thing to have MPs taking such an interest in biotechnology. But he makes it plain that he believes they have got it all wrong.

In a letter to Nature he points out that "the cost of developing a discovery and bringing it to the market often makes a degree of monopoly essential if it is to be worthwhile for anyone to take on the development risk."

Celltech and the MRC have been partners for less than two years. Celltech was founded to exploit, first and foremost, a brilliant MRC invention which is virtually certain to earn a Nobel Prize for one or more scientists at the Laboratory of Molecular Biology in Cambridge. This is the discovery of the hybridoma or cell fusion technique for making monoclonal (extremely pure) antibodies, with immense potential as new analytical reagents and drugs.

"With hindsight one can certainly say that if the right steps had been taken it could certainly have been possible to patent the process," Mr Fairclough believes. In the event, no one can get a patent because no one made an application before the details were published by the researchers. "Somewhere, something went wrong," he says.

Celltech, to judge from the academic evidence given to the Select Committee, has not yet won the confidence of the British scientific community as a whole. It will be still harder for new ventures — and not only in Britain.

Biotechnology Institute report on the protection of the research base in biotechnology. House of Commons Paper 289. 50, 28.05.

The myths don't tell the whole story

By Jonathan Carr in Bonn

IT IS hard to know which are the more pernicious — the myths foreigners believe about the Germans or the ones the Germans believe about themselves. If the debacle of AEG-Telefunken helps in the long run to clear the air of both, it will not have been wholly in vain.

Until fairly recently West Germany was widely seen as the leader of the *Wirtschaftswunder* — as the creator and sustainer of an "economic miracle," no less. According to this view the labour force worked amazingly hard, the trade unions were paragons of responsibility, the banks put up capital for industry and set on the lots of supervisory boards to make sure managers did nothing silly. The visible evidence of the supremacy of the German system was the big and continuing trade surplus and the ever-strengthening D-Mark.

Little wonder that much of the rest of the world was envious and a bit uneasy. The miracle workers were admired but not loved.

That this vision was, at least in part, fantasy I had the chance to discover during temporary work as a student two decades ago on the production line of a German chemical factory. On the first day I was told to slow down because my excessive pace was upsetting the normal work rhythm, Astonished, I happily complied. This was not what one had been told to expect from the Germans, of all people.

What a relief! Mind you we worked steadily, we were never forced to stop because supplies from elsewhere did not arrive on time, and as far as I can recall no one mentioned a strike. It was clear to everyone, all the same, that if there had to be a strike, the union was strong enough to win — which was a moral comfort. The only people who worked unusually hard were the Italian Gastarbeiter — guest workers — who thus endeared themselves neither to the Germans nor to me. After all that, it is hard to take recent reports about a collapse of the German work ethic very seriously. The start of the collapse evidently predated my arrival on the scene.

Over the past year or two the old myth has begun to be replaced by another, close to its opposite. The economic reputation of West Germany which had soared like a rocket to an unsustainable height, sank back like a stone. The deficit in the current account of the balance of payments from 1979 was seen as one sign of a new malaise. The inability of AEG to pay its bills is seen as another — and the scandal over the trade union-controlled building concern *Neue Heimat* yet another. Non-Germans proclaimed the miracle over (often not without Schadenfreude), warned that the German economy might be going down the drain — and sought out new supermen elsewhere, mainly in the Far East.

Hence the German tendency to worry incessantly and in minute detail about economic problems which other nations easily (sometimes too easily) shuffle aside. The mystery is that although over the years the Germans have become the world's champion foreign travellers and know their export markets intimately, they still seem unable to bring real perspective to their domestic difficulties. They often talk as though theirs is the only country with high unemployment and almost no economic growth. Yet the whole Western and Communist world is caught in a recession from which no single country can draw itself out alone (with the possible exception of Japan).

The pressure is driving many badly-managed, as well as some well-managed, companies to the wall and, alas, AEG belonged for some decades to the first category. There was no magic German system which could insulate AEG when the strain became intense. True, bankers and workers' representatives sat on the supervisory board — but made mistakes like anyone else. Likewise, the decline of AEG does not signal an impending German economic *Götterdämmerung*. When the current crisis has passed, let us hope we will hear less about German miracles and tragedies — and more about a medium-sized country doing pretty well in similarly difficult circumstances to the rest of us.

... Germans tend to be hypochondriacs, for whom health is not so much a state to be enjoyed as a condition preceding sickness. As in personal terms, so in economic ones. A boom is what happens before a bust, an upswing is bound to turn into a trough.

Letters to the Editor

The UK economy, the CBI and the trade unions

From Mr E. Doly
 Sir,— Perhaps you ought to give Mr David Bassett (August 18) another three-column shot at the British economy.

He says that in periods of free collective bargaining over the past 20 years inflation has not abated, industrial efficiency has not been enhanced and the quality of the labour force has not been improved.

Since Margaret Thatcher was elected, the UK has had free collective bargaining, the only discipline (and the best, undoubtedly) being availability of money. During this time, inflation has abated, and the trend looks likely to continue. There have been many cases of reductions in overmanning and the replacement of trade union-imposed restrictive practices by flexible working arrangements. Thus, industrial efficiency and the quality of the workforce have both improved and the pride and new-found job satisfaction of many workers who have accepted change is one of the most refreshing things about today's industrial debate.

I note, too, that Mr Bassett's proposals are aimed at a TUC/Labour Government understanding. Maybe that's the nub of his problem — trying to marry a failed past with an unlikely future.

Ken Daly
 Little Cophall, Dowlans Lane, Copthorne, Crawley, Sussex.

Tying currencies to gold

From Mr W. Shaw
 Sir,— Now that gold is "abundant" on the world markets, particularly in the last few days, I have read with growing amazement some new complicated academic arguments and proposals to tie "national currencies" to gold. So far no comments for or against have been forthcoming from anyone engaged in the day to day running of a gold bullion company or in the gold industry.

The one overriding factor in the entire world debate on, for ease of definition let us call it "the gold standard", which requires more than five minutes of such debate is "There isn't enough gold in the whole world."

For example, if each person in Great Britain, France and West Germany thought one gold sovereign each year, then not a simple ounce of gold is then

From the Managing Director, Forrest Construction
 Sir,—The so-called "gloom and doom" on industrial activity that the Confederation of British Industry is being accused of spreading has sound foundations in fact and experience. The latest national production figures confirm both the low level of activity and that there has been no upturn. The lack of new work and the severe competition for what there is, is a clear indication to many industrialists that things are not improving.

Industry has supported with enthusiasm the Government's policies which have brought inflation under control and which have resulted in industrial undermanning being drastically forced down. Both policies have improved our competitiveness as a nation.

What frightens us now is that this downward spiral in activity and employment may become unstoppable. The position as we see it is surely right to be urging the Government to make a positive move to reverse the trend.

L. G. Forrest
 Livingston Street, Clydebank, Dunbartonshire.

From Mr N. Mendes
 Sir,—It is sad that the directors of one of the nation's most important civil engineering companies—Taylor Woodrow—should decide to

leave the Confederation of British Industry.

The reasons for their departure appear to be blatantly political while the CBI maintains, albeit with a little difficulty, its apolitical position.

The CBI has committed, in the opinion of certain Conservative backwoodsmen, the cardinal sin of researching for fact and then publishing the truth. It has even compounded this crime by consulting with the "enemy" in the shape of Peter Storey. Both of these demonstrate, in the belief of these tired Tories, lack of support for "our" Government.

The CBI is not, at least I hope it is not, an arm of the Conservative Party in the way that the TUC is a member of the Labour Party. My company is in membership with the CBI because it represents the views of industry and commerce without fear or favour to all British Governments. As soon as the CBI starts bending the facts to suit the circumstances it can say goodbye to my subscription and I believe, those of thousands of other small businesses too.

I do not always agree with what the CBI does and says, but like Voltaire, I will defend to the death its right to do and say it. That is democracy.

Nicholas A. Mendes
 Midlow House, New Road, Halesowen, West Midlands.

see whether in changing from piece work to day rates, Rolls-Royce can be the first company in the country to avoid the 20 per cent fall-back in labour effort which normally accompanies such a change.

Many major companies in the UK going to measured day work, high day rate and similar systems in the 1950s and 1960s were seriously damaged by their subsequent inability to control labour performance.

I would bet, without knowing the circumstances inside Rolls-Royce, that in making the arrangements that you have publicised in your article, Rolls-Royce will have thrown away the output percentage per man of something in the order of 20 per cent by the end of the first operating year.

T. M. Finnegan
 Richmond Edge, Darlington Road, Richmond, North Yorkshire

ISLAMIC REPUBLIC OF PAKISTAN

Oil and Gas Development Corporation

INVITATION TO BID FOR PETROLEUM EXPLORATION AGREEMENT

The OIL & GAS DEVELOPMENT CORPORATION invites oil companies to apply for joint venture operations over the eight onshore blocks delineated on the opposite map.


A BROCHURE OF PRESENTATION giving all the relevant information and the conditions for pre-qualification is available free of charge on request by telex at the address indicated below.

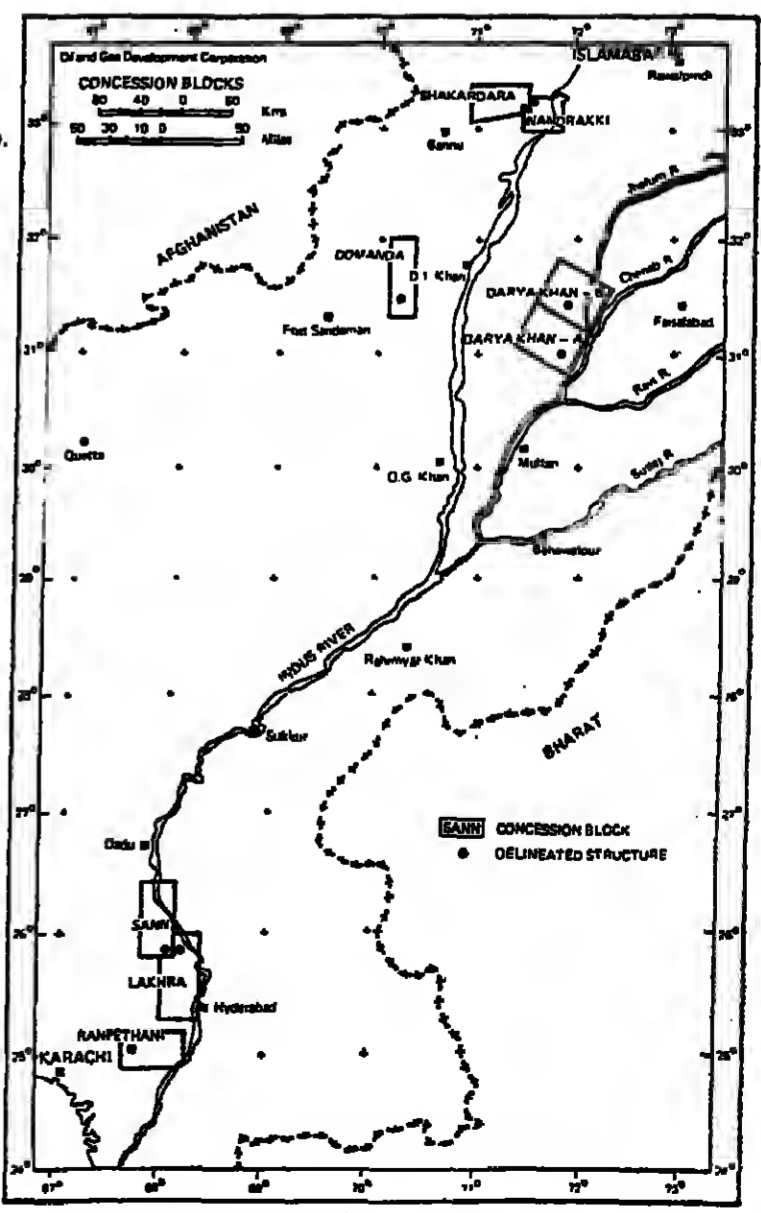
The blocks will be offered under a CONCESSION AGREEMENT governed by the petroleum legislation already in force for several years.

The DATA in respect of joint venture areas will be available for examination to the pre-qualified companies free of charge.

The DEADLINE for SUBMISSION OF APPLICATION for PRE-QUALIFICATION is OCTOBER 31, 1982.

All enquiries and proposals must be submitted to:

The Chairman

Oil & Gas Development Corporation
 20-C, Street No. 2, F-8/3,
 Islamabad, Pakistan
 Phone: 51044 Telex: 5692 OGDC PK



Map showing concession blocks in Pakistan, including areas like KARACHI, HAHAR, DARYA KHAN, DOVANDA, BAKKAR, and others.

Paragon • OGDC-5

Companies and Markets

UK COMPANY NEWS

Bairstow Eves profits on target at six months

Bairstow Eves, which obtained full Stock Exchange listing in June this year, reports pre-tax profits for the half year to June 30 1982 of £21,310,000 on turnover of £27.7m...

Fife Indmar profit rises to £397,000

Pre-tax profits at Fife Indmar for the six months to June 30 1982 advanced from £275,000 to £397,000 on turnover up from £5.02m to £5.83m.

Lasmo rises to £64m pre-tax and pays more

PRE-TAX profits of London and Scottish Marine Oil (Lasmo) have risen by 59.2m to £64.2m for the first half of 1982. But attributable earnings, including £5.5m last year arising from the sale of 1.5m barrels of "make-up oil," have slipped from £24.1m to £23.7m.

production in Indonesia of 5,000 bopd which is expected to rise substantially as the Lalang, Mengkapan and Kakap fields, currently under development or awaiting development, are brought into production in 1983.

It was announced in June that agreement in principle had been reached to acquire, subject to Department of Energy consent and shareholders' approval, BP's 15 per cent interest in Lucene P187 which includes the Beatrice field.

HIGHLIGHTS

After commenting on the financial markets in the light of the trade figures, the bulldog issue by EDF of France and the sharp upswing in gold to over \$400, Lex moves on to consider the main company news of the day. Exco has reported an increase in pre-tax profits from £5m to £6.4m. The company has taken a conservative stance towards the effect of the WICO acquisition and the increase in the United holding.

Exco sharply higher midway

TAKABLE PROFITS of money broker Exco International advanced sharply from £5m to £6.4m for the six months to June 30 on higher turnover of £20.55m, compared with £18.08m—an increase of 23 per cent. Operating profits rose by £700,000 to £2.53m.

Charterhouse Petroleum rises to £6m in first six months

PRE-TAX PROFITS of Charterhouse Petroleum to the six months to June 30 1982 rose from £5.2m to £6.02m, on turnover up from £9.71m to £10.83m. Profit from oil production before duty advanced from £5.5m to £6.37m.

Charterhouse expects the oil price to stay flat in dollar terms in the immediate future and says no significant progress has been made by the industry in reducing the petrol UK rates of taxation on oil production activities.

Interim statement presents a pleasant aspect, with attributable Thistle barrellage peaking at around 3,000 per day, and net cash swirling around the £20m mark. Many oil companies might be cast as being Charterhouse, though with drilling and exploration set to move up another gear, that figure is now for the first time outweighed by capital commitments.

Fairclough climbs 31% in first half

FIRST-HALF 1982 turnover of Fairclough Construction Group has risen by 31 per cent from £126.81m to £166.11m. Pre-tax profits have shown a 31 per cent increase from £5.13m to £6.74m.

Fairclough is one of those companies which perennially does better than the City expects. The latest figures are no exception and yesterday the share price hit an all time high with a 7p rise to 190p. It now looks as if the group will beat its 1981 profits by a good £3m.

The Independent Investment Company PLC. AN INVESTMENT TRUST COMPANY WHOSE POLICY IS TO ACHIEVE CAPITAL GROWTH THROUGH INVESTMENT IN TECHNOLOGY COMPANIES.

Table with financial data for The Independent Investment Company PLC, including Turnover, Profit before taxation, Profit after taxation, Earnings per Ordinary Share, and Dividend per Ordinary Share.

Dowty expects further improvement this year

FURTHER PROGRESS is expected by Dowty Group during the current year ending March 1983, for the year 1981-82, pre-tax profits rose by 8 per cent from £36.24m to £39.12m, on turnover 11 per cent higher at £50.8m, against £45.82m.

Apex slips to £303,000

Slightly reduced net profits have been produced by Apex Properties for the year to March 31 1982 from £341,000 to £303,000. Group turnover was little changed at £1.12m against £1.1m.

FAIRCLOUGH Fairclough Construction Group p.l.c.

Table with financial data for FAIRCLOUGH, including Turnover, Profit before taxation, Profit after taxation, Earnings per Ordinary Share, and Dividend per Ordinary Share.

LMI ahead after first three months

Mr C. M. Beddow, the chairman of London and Midland Industrials, tells members in his annual statement that current trading results of the continuing business show profits in the first three months of the current year are ahead of those of the corresponding period last year.

Yearlings down

The interest rate for this week's issue of local authority bonds is 10 per cent, down three-eighths of a percentage point from last week and compares with 14 per cent a year ago. The bonds are issued at a 40 per cent discount on August 31 1982.

BOARD MEETINGS

Table listing board meetings for various companies including Associated Dairies, Sungei Besi Mines Malaysia, and others.

DIVIDENDS ANNOUNCED

Table listing dividends for various companies such as AI Industrial, American Trust, Apex, and others.

Good Relations' interim profits up by £90,000

TAKABLE PROFITS of the Good Relations Group rose by £90,000 to £203,000 during its first half year as a public quoted company covering the period to and June 1982. Turnover advanced to £1.58m, a 41 per cent improvement on the £1.12m achieved in the corresponding months a year earlier.

Gillett Brothers Discount Company PLC

The directors of Gillett Brothers Discount Company PLC have declared an interim dividend payable on 20th September, 1982, of 7% (1981 7%) on the ordinary share capital of the company.

OIL AND ASSOCIATED INVESTMENT TRUST PLC.

Extracts from the Statement of the Chairman, Major A. S. W. Joseph, in respect of the year ended 31st March, 1982.

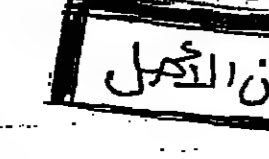
Unless some concord is achieved between the OPEC countries, particularly the differences voiced by Iran and Nigeria, a continuation of a glut is probable, and we may have to wait longer for a recovery in the popularity of oil shares.

M. J. H. Nightingale & Co. Limited

Table with financial data for M. J. H. Nightingale & Co. Limited, including Turnover, Profit before taxation, Profit after taxation, Earnings per Ordinary Share, and Dividend per Ordinary Share.

THE TRING HALL USM INDEX 128.3 (+0.7). Close of business 24/8/82. Tel: 01-638 1891. BASE DATE 10/11/80 180.

Sanctuary House, Northwich, Cheshire. Telephone: Sanctway 883885. Telex: 669708. CIVIL ENGINEERING-BUILDING-TUNNELLING-SURFACE MINING STRUCTURAL STEELWORK.



EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Nov., Last, Feb., May, Stock.

Companies and Markets UK COMPANY NEWS

BIDS AND DEALS Allied Residential loss-makers to go

BY CHARLES BATCHELOR Allied Residential, the house-building group whose 1981 profits fell far short of its stock market placement forecast...

J.C. Bamford expects sharp profit upturn

J. C. Bamford, the private, Staffordshire-based earthmoving equipment company, is aiming for a substantial improvement to profits this year despite deepening depressed market conditions...

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns for Option, Exercise price, Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close.

SHARE STAKES

Electrocomponents - Clerical, Medical and General Life Assurance Society is interested in 5.24m ordinary (5.17m ordinary previously)...

Gerrard & National N.Y. office closure

Gerrard and National is to close its New York office on September 3. Trading in Euro-dollar Certificates of Deposit and other instruments will continue as previously from the London office...

American Trust ahead midway to £1.88m

Pr-tax revenue of American Trust rose from £1.78m to £1.88m in the six months to July 31 1982...

BASE LENDING RATES

Table of BASE LENDING RATES listing various banks and their rates.

RESULTS AND ACCOUNTS IN BRIEF

WINTERBOTTOM ENERGY - As a result of August 13, 1982, with 42.8p after deduction of prior charges at par and 48.4p after deduction of prior charges at market value...

SHARE STAKES

Arlen Electric, Malcolm M. Little, a director, has acquired 25,000 ordinary shares from a D. Levy...

KDG INSTRUMENTS

KDG Instruments has acquired from the receiver and manager of Bestel Dean plant, machinery and stocks of that company which will allow KDG to produce and market certain of the range of Bestel Dean's products...

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Announcement

1982 Interim Results The Directors announce that the unaudited profit of The Hongkong Bank Group for the six months ended 30 June 1982 was HK\$81.5 million (1981: HK\$69 million), an increase of 18.1%.

The Directors have declared an interim dividend of HK\$0.18 per share (1981: HK\$0.15 adjusted), an increase of just over 16%. The dividend will be payable on 8 October 1982 to shareholders whose names are on the Register of Shareholders on 24 September 1982 and will amount to HK\$374 million (1981: HK\$310 million).

The following is an unaudited profit and loss statement for the six-month period under review.

Table showing profit and loss statement for six months to 30 June 1981 and 6 months to 30 June 1982.

The following Consolidated Balance Sheet details are also given for the information of shareholders:

Table showing Consolidated Balance Sheet details for 31 December 1981 (audited) and 30 June 1982 (unaudited).

Prospects for the rest of 1982 High interest rates and tight monetary policies have continued to inhibit economic growth in the major industrialised nations. This has led to increasing problems for the less developed countries not the least of which has been a growing move towards protectionism in some of their main markets.

Closing of Register of Shareholders The Register of Shareholders of the Bank will be closed from 13 September until 24 September 1982 (both dates inclusive). In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Registrars not later than 4.00 p.m. on 10 September 1982.

By Order of the Board F.R. Frame Secretary

Hong Kong, 24 August 1982

Advertisement for CORFO (Chile's Production Development Corporation) International Public Tender for shares of BANCO CONTINENTAL.

HOWDEN GROUP (long-term and specialist in design and manufacturing of air, sea and land handling equipment) - Results for year ending February 28 1982 already known. Shareholders' funds £3.1m (£2.8m); fixed assets £26.9m (£28.2m); net current assets £24.9m (£20.1m).

RADIANT METAL FINISHING

plating, metal finishing, home furnishings retailer - Results for year ending February 28 1982 already known. Shareholders' funds £3.1m (£2.8m); fixed assets £26.9m (£28.2m); net current assets £24.9m (£20.1m).

REARDON SMITH LINE

(bulk carrier and tanker fleet operator) - Results for year to March 31 1982 reported August 17. Shareholders' funds £3.1m (£2.8m); fixed assets £26.9m (£28.2m); net current assets £24.9m (£20.1m).

STEINBERG GROUP

(clothing and handbags) - Results for year to March 27 1982 reported on July 30. Shareholders' funds £3.1m (£2.8m); fixed assets £26.9m (£28.2m); net current assets £24.9m (£20.1m).

G.T. ASIA (STERLING) FUND

Results for period from October 1 1981 to June 30 1982: net income £27.7m; net assets £15.57m; redemption price of participating redeemable preference £26.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Bulldog bond for Electricite de France

By Our Euromarkets Correspondent
ELECTRICITE de France is raising £70m through the issue of a 26-year bulldog bond in the London market.

Nafinsa commercial paper line unwound

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT
MEXICO'S state development bank, Nacional Financiera, has quietly wound down its commercial paper line in New York which at its peak at the end of last year gave it borrowings of around \$300m.

Second Tigr issue by Merrill Lynch

By Our New York Staff
MERRILL LYNCH, the Wall Street investment firm, is to follow up its innovative launch of deeply discounted zero coupon investment certificates backed by U.S. Treasury bonds with a second issue.

Deere earnings plunge as world sales volume falls

BY PAUL TAYLOR IN NEW YORK

DEERE and Company, the large U.S. farm equipment manufacturer, only just managed to make a profit in the latest quarter, recording its fourth consecutive decline in net income.

Occidental bid for Cities 'inadequate'

By Our New York Staff
THE BOARD of Cities Service has described Occidental Petroleum's \$50 a share bid for half of the oil company's outstanding shares as "inadequate".

Further loss for Harnischfeger

BY OUR FINANCIAL STAFF
THE ANNOUNCEMENT of another loss in the third quarter of this year by Harnischfeger, the Wisconsin-based manufacturer of construction, mining and material handling equipment is coupled with news that it has been obliged by its institutional lenders to forgo dividend payments until April next year.

for the third quarter, against a net profit of \$19.7m or \$1.99 a share last year. Sales dropped from \$188.9m to \$85.8m. At the nine month stage, Harnischfeger has a net loss of \$19.8m compared with a profit of \$25.5m or \$2.64 a share. Sales for the nine months have slid from \$498.9m to \$354m.

Terry Byland, recently in New York, looks at the ship-container leasing industry

Flexi-Van aims to win battle for survival

THE SHIP container leasing industry has not enjoyed the best of fortunes in the past few years. After a heady start in the 60s and 70s when the growth in container usage and the application of leasing principles created an industry with a glittering track record, times have turned hard.

in world ship container leasing, admitted in New York that business was still "relatively flat". In fiscal 1981, Flexi-Van, which operates container leasing out of more than 80 countries and counts most of the major world shipping lines among its clients, saw income from continuing operations fall from \$23.5m to \$11.9m, compared with a high point of \$38.5m in 1979.

over the physical movement of the group's containers. The cut in planned capital expenditure on further capacity meant, in effect, a reduction in purchases of new containers. "I let the first couple of plans go through," said Mr Rubin, "but in November I decided to call

the new policies evidently have the support of Mr David Murdock, the multi-millionaire entrepreneur who became chairman of Flexi-Van last September—a move widely seen as a defence of his stake of around one quarter of the group equity.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday September 14.

Table with columns: U.S. DOLLAR, STRAIGHTS, Bid, Offer, Change, Yield. Lists various international bond issues and their market performance.

National Distillers sells stake in Taiwan group

BY ROBERT KING IN TAIPEI
NATIONAL DISTILLERS Corporation, the U.S. plans to sell its 43 per cent share in USI Far East (Taiwan). A major Taiwan petrochemical manufacturer, and has already asked the Government to approve the transfer of its shares to a Hong Kong investment company, a company official has said.

been suggested, however, that the withdrawal may be due to the company's recent lack of profitability. USI made net losses of about \$7m in calendar year 1981 and there are fears that the losses will continue this year.

Backed up the reduction in cash spending have been changes in philosophy towards the management of shipping containers. The industry is now changing, Mr Rubin believes, from the

halt. The criterion now is making cash." The decision meant that Flexi-Van will spend only \$40m this year on new capacity, compared with \$160m in 1981, bringing a welcome reduction in interest charges which last year totalled \$35.5m.

Braniff asks court for pension funds default

BY OUR NEW YORK STAFF
BRANIFF International Corporation, the parent company of the Texas-based Braniff Airways which ceased operations on May 12, has asked a Federal judge to throw into default four pension funds covering nearly 9,400 former employees and retired employees.

Federal Government. If the court action is successful, it could lead to the biggest government payout to a pension plan in recent years. The four pension plans were underfunded by about \$148.6m at the end of last year. They could require an injection of up to between \$60m and \$70m just to meet the minimum guaranteed payments to former employees and workers who had already retired, the company said.

U.S. Iveco sees surplus
BY OUR FINANCIAL STAFF
THE U.S. subsidiary of Iveco, Europe's second largest commercial vehicle manufacturer, will make a small net profit this year and if the American economy picks up a "considerable" profit in 1982, according to Mr James Bostic, president of Iveco Trucks of North America.

U.S. Iveco sees surplus

and another 50 per cent jump in 1983. Iveco's fortunes in the U.S. have changed for the better since it concentrated mainly on selling diesel engine chassis cabs—the Z van—to which American buyers add their own bodies. Iveco of North America will be profitable this year despite the financial collapse of its biggest customer, the Jartran leasing organization.



DAEWOO CORPORATION
U.S. \$20,000,000
MULTICURRENCY LETTER OF CREDIT AND REFINANCING FACILITY

MANAGED BY STATE BANK OF INDIA

AND PROVIDED BY STATE BANK OF INDIA

ARAB BANKING CORPORATION (ABC)

ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (ARBIFT), Abu Dhabi

BANK OF BAHRAIN (Offshore Banking Unit, Bahrain)

LIBYAN ARAB FOREIGN BANK, TRIPOLI

UNION DE BANQUES ARABES ET FRANCAISES—U.B.A.F. (Bahrain Branch)

Agent and Issuing Bank STATE BANK OF INDIA

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

THE KINGDOM OF DENMARK

US\$100,000,000
Floating Rate Notes due 1992

In accordance with the provisions of the Notes and the Agent Bank Agreement between The Kingdom of Denmark and Citibank, N.A., dated February 12, 1982, notice is hereby given that the rate of interest has been fixed at 11 1/8% pa and that the interest payable on the relevant Interest Payment Date, February 25, 1983, against Coupon No. 2 will be US\$9597.

By: Citibank, N.A., London, Agent Bank August 25, 1982

US\$7,000,000.00
MBI INTERNATIONAL NV

Guaranteed Floating Rate Notes 1986
for the 6 months 26/8/82 to 26/2/83

The notes will carry an interest rate of 11 1/8% per annum. Coupon value U.S.\$613.54.

Listed on The Stock Exchange, London

Agent Bank: National Westminster Bank P.L.C., London

Downturn at Mitsubishi
Australia

By Lillian Drummond in Sydney

NET PROFITS at Mitsubishi Motors Australia dropped from A\$4.48m to A\$1.15m (US\$1.12m) in the half year to June despite the Japanese-owned company taking a larger share of an extended market. Sales grew by 20.6 per cent from A\$235m to A\$284m on the back of increased deliveries, but the benefits were outweighed by rises in labour, component and production costs, higher interest charges, and increased amortisation provisions flowing from the introduction of tooling for new car models.

The company's registrations grew by 5.4 per cent to 35,759 units outstripping the industry growth of 4.5 per cent. Its market share went up from 11.5 per cent to 11.6 per cent.

The tax charge was again minimal at A\$36,000 against A\$16,000 while depreciation charges on plant and machinery jumped from A\$3.99m to A\$6.47m as a result of the new tooling.

Hongkong and Shanghai
Banking raises dividend

BY OUR HONG KONG CORRESPONDENT

THE Hongkong and Shanghai Banking Corporation (HSBC) reports an 18.1 per cent rise in attributable profits—after tax and undisclosed transfers to inner reserves—to HK\$ 815m (US\$ 135m) for the first half of 1982.

The bank, whose subsidiaries now include the 51 per cent owned Marine Midland of the U.S., said net profit for the group rose to HK\$ 1,031m, against HK\$ 891m. Of this HK\$ 216m was attributable to minority shareholders of Marine Midland and the Hong Kong-based Hang Seng Bank.

The interim dividend is 15 cents per share, against 15.8 cents adjusting for an earlier one-for-three scrip issue. Earnings per share, on the same basis, rose to 39 cents from 35 cents.

Mr Michael Sandberg, the chairman, said the banking industry was faced with many difficulties and the second half would not be easy. But, he remained confident of being able to recommend a final dividend of 37 cents per share.

During the period HSBC's gross assets increased to HK\$329,229m compared with an audited level of HK\$304,219m in December last year. Shareholders' funds, meanwhile, rose from HK\$14,066m to HK\$14,566m.

Despite its growing role internationally, roughly 80 per cent of earnings still come from Hong Kong. Proceeds from last year's HK\$2bn rights issue also had an impact. Last year's interim figures reflected less than two months' worth of investment income from the first HK\$1bn tranche, whereas earnings this year take account of the entire amount for the full period.

A slower pace of economic growth in Hong Kong, has led to a slackening in demand for loans. Particularly badly hit, it is estimated, were profits from HSBC's wholly-owned corporate finance subsidiary, Wardley.

Fuji Bank buys out
Kleinwort Benson
joint venture

BY RICHARD C. HANSON IN TOKYO

FUJI BANK, one of Japan's leading city banks, is arranging to acquire all the capital of its London-based finance subsidiary, Fuji International Finance, a joint venture with the merchant bank Kleinwort Benson.

Negotiations are in the final stages for Fuji to buy Kleinwort's remaining 30 per cent share in FIF, which began as a 50-50 venture in 1973. Fuji, which has been given the go-ahead by the Japanese authorities, intends to strengthen FIF by raising its capital, currently £2.2m, to about £3m.

For both partners, FIF has lost much of its original attractiveness as a joint venture. In the early 1970s, Fuji, along with several other Japanese commercial banks, formed a number of links with merchant banks in Europe, with each partner seeking a helping hand into the other's home market, in the form of joint ventures.

For the Japanese banks the early advantages were two-fold. In the first place, the Ministry of Finance had refused to allow banks to establish 100 per cent owned overseas subsidiaries involved in the securities business. This reflected the legal wall between securities companies and banks at home. In addition, most Japanese banks simply lacked the experience to go it alone in the London market.

For Kleinwort and other Western merchant banks, a tie-up with a Japanese bank meant better access to the Japanese market. Such introductions have become less important over the years. There are indeed advantages to not being too closely tied to any single banking group. Both parties emphasise that the break-up of the joint venture does not reflect any weakening of friendly relations.

For its part, Fuji is now well established in the London market and Kleinwort has long since ceased to have a direct participation in managing FIF although it is represented on the board. Several years ago, the Kleinwort Benson was dropped from the company's name. Of more importance, however, there has been a gradual relaxation in the ownership of foreign asset rules by the authorities in Japan.

Last year the Finance Ministry allowed Sumitomo Bank to be the first to take up 100 per cent of the shares in its underwriting joint venture, then known as Sumitomo-Whitehead. In addition the subsidiaries have gradually been able to expand their activities.

The bank's subsidiaries are still discouraged from taking long positions in public Euro-bond issues. They are, however, active in managing private placements.

Uranium operations boost Ampol

BY OUR SYDNEY CORRESPONDENT

AMPOL, the only Australian-owned petrol group, posted record net profits of A\$43.46m (US\$ 42.5m) in the year to June as refining and market operations took a back seat to uranium and other interests. For the previous nine month period to June 1981 Ampol's profits were A\$32.48m.

The contribution from refining and marketing was about 60 per cent of profits in 1981-82 compared with 70 per cent previously, with the refining side having a record year while the marketing operation turned lower on squeezed margins.

Uranium operations, through Ampol's shared ownership of the Nabarlek project with Pioneer Concrete Services—which in turn controls Ampol—contributed 21 per cent of net profits compared with 16.7 per cent in the previous nine months.

This points to a profit contribution of A\$9.2m compared with A\$6.46m last time and a total annual profit from Nabarlek of A\$18.4m after tax. Ampol's sales were A\$684.12 for the year compared with A\$590m for the previous nine months. Turnover is expected to reach A\$1bn this year.

Ampol Exploration chipped in 10 per cent of overall group earnings. The 49 per cent owned exploration and production offshoot boosted its profit from A\$10.48m in the nine months of last year to A\$19.45m for the year to June 30.

Ampol has declared a final dividend of 3.75 cents a share, an annual total of 7.5 cents compared with the 6.95 cents paid for the previous nine months.

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Johannesburg
Consolidated
Investment
Company, Limited

(Incorporated in the Republic of South Africa)
UNAUDITED PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 1982

CONSOLIDATED INCOME STATEMENT	1982	1981
Profit before taxation	169.5	129.8
Taxation	14.8	12.8
Profit after taxation	94.7	115.0
Outside shareholders' portion of profit	0.2	9.6
Consolidated profit	94.5	105.4
Derived from:		
Income from investments	64.7	73.3
Profits of operating subsidiaries	32.5	17.1
Other net revenue	7.0	16.1
Preference dividends	8.4	7.4
Profit attributable to ordinary shareholders	86.1	98.0
Extraordinary item — excess of purchase price over net assets acquired	0.5	51.4
Profit attributable to ordinary shareholders after extraordinary item	85.6	46.6
Retained profit at beginning of year	198.0	182.1
Distributable profit	283.6	228.7
Ordinary dividends	43.8	42.8
Interim of 130c (1981 — 130c)	9.5	9.2
Final of 470c (1981 — 470c)	24.3	33.6
Transfer to (from) non-distributable reserves	239.8	185.9
	11.1	(12.1)
Retained profit at end of year	228.7	198.0
CONSOLIDATED BALANCE SHEET		
Investments — at cost less provisions (market value or directors' valuation—R562.4m (1981 — R645.5m))	218.9	179.1
Loans	56.6	33.4
Marketable properties and mining prospects	15.4	11.0
Fixed assets	131.1	85.4
Mining assets	59.2	39.7
Net current assets (liabilities)	(4.0)	39.7
Current assets	352.4	494.2
Current liabilities	260.0	454.5
	476.6	388.3
Financed by:		
Ordinary shareholders' interest	307.1	251.7
Preference share capital and share premium	80.0	80.0
Outside shareholders' interests in subsidiaries	10.3	6.7
Deferred taxation	17.2	11.5
Long-term liabilities	62.0	39.4
	476.6	388.3
Total number of ordinary shares issued	7,299,600	7,150,000
Equity earnings excluding the net amount of surplus on realisation of investments and other assets less provisions and before extraordinary item	R86.1m	R97.8m
— per share	1.190c	1.373c
Ordinary dividends per share	600c	600c
Net asset value per ordinary share at 30th June based on market value or directors' valuation of investments and properties	R102	R122

NOTES:
1. Profit attributable to ordinary shareholders of R86.1m was 12.1 per cent lower than that for the previous year.
2. A final dividend of 470c has been declared to make a total for the year of 600c per share, which is the same as last year.
3. In terms of the provisions of the share incentive scheme, 149,600 shares were allocated during the year to senior members of the staff.
4. In calculating the net asset value per share the excess of directors' valuation of subsidiary companies over the net book value has been included.

On behalf of the board
G. H. Waddell
F. J. L. Wells, Directors

DIVIDEND NO. 113
A final dividend (No. 113) of 470 cents per share in the currency of the Republic of South Africa has been declared payable to holders of ordinary shares in respect of the year ended 30th June, 1982.

Last date for registration
Registers close (dates inclusive) from
Currency conversion date (for payments from London)
Date of Payment

24th September, 1982
25th September, 1982
1st October, 1982
11th October, 1982
25th October, 1982

The dividend is declared subject to the customary conditions which can be inspected at or obtained from the company's Johannesburg office, the office of the London Secretaries (Barnato Brothers Limited) of 99, Bishopsgate, London EC2M 3XE, or the London Bearer Reception Office (40 Holborn Viaduct, London EC1P 1AJ). Holders of share warrants to bearer should present Coupon No. 113 to the London Bearer Reception Office.

South African Non-Resident Shareholders' Tax at the rate of 13.25% and United Kingdom Income Tax will be deducted from the dividend where applicable.

By order of the board
M. J. Meyer
Secretary

Head Office and Registered Office:
Consolidated Building
Cor. Fox and Harrison Streets
Johannesburg 2001
(P.O. Box 590
Johannesburg 2000)
24th August, 1982

هكذا من الجميل

Swiss watch
group plans
job cuts

By John Wicks in Zurich

OVER 500 further jobs are to be scrapped by Asug, Switzerland's leading watch industry group. The move, which affects components production in the group's Ebauches division, is over and above a move announced this March to phase out 1,300 jobs.

As many as 350 of the new redundancies will be accounted for by the granting of early pensions in Ebauches plants in the Grenchen area and in western Switzerland. Of the remaining 150, the employees at two movement factories will have to find work elsewhere.

In a letter to shareholders in June, Asug said that there had not been the improvement in the watch market expected last autumn. Profits were said to have been seriously affected in the components divisions.

In the first four months of 1982, sales of the Ebauches division had dropped by nearly 40 per cent over the corresponding period of the previous year to SwFr 159.4m (\$77m) out of a group total for the period of SwFr 420.5m.

Last week, SSIH, Switzerland's other major watchmaker, announced big lay-off under plans to accelerate its 1982 programme of labour reductions.

Mr Pardue, who joined the American General group in 1966, has been serving as president of American General Life Insurance Company since March 1980. Mr Pardue, the new president of American General Life Insurance Company, joined American General in May 1981 as a senior vice-president in the life division of the parent company.

AMIC payout below expectations

BY OUR JOHANNESBURG CORRESPONDENT

ANGLO AMERICAN Industrial Corporation, the industrial arm of the South African mining group Anglo American, did not come up to expectations in the six months to June. When AMIC was merged with De Beers Industrial at the start of this year it was said that though the group's subsidiaries and associates are expected generally to be lower than last year although this is not expected to prevent a higher final dividend from being declared. Last year's final payment was 115 cents.

TRUST BANK, South Africa's fifth largest commercial bank, increased profits after tax and transfers to hidden reserves by 19.4 per cent in the year to June to R30.1m (\$26.4m). Sustained pressure on profit margins was experienced because of a sharp rise in the cost of funds and increased

Profit trend
weakens at
Rueterswerke

By Our Financial Staff

FIRST-HALF sales at Rueterswerke, the West German chemical and sealant producer, totalled DM1.6bn (\$0.48m), topping the corresponding 1981 level by 3 per cent. However, order inflow as well as earnings fell behind the pace of the first half of last year.

Looking ahead, the company does not expect a fundamental and lasting recovery in key markets in the current half. It rules out any second-half improvement in the highway and building businesses, adding that the outlook is also poor for products used in non-ferrous metals production and in the iron and steel industries.

The company attributes its sales rise to price increases initiated to cover rising costs as well as a shift to higher quality products. Volume deliveries "just about matched" corresponding 1981 levels when adjusted for inflation.

The decline in first-half order inflow is blamed on weak demand from public highway and road authorities as well as recessionary effects on chemical feedstock customers. Orders for building materials, plastics and plastic parts for automobiles and electronic equipment improved.

First-half earnings were depressed compared to 1981 levels by rising costs and unfavourable winter weather as well as by weak demand.

Schering lifts interim sales

BY LESLIE COLLITT IN BERLIN

SCHERING, the West German pharmaceuticals and chemicals group, said sales in the first half of this year rose 6.8 per cent to DM 1.56bn (\$736m). Profit, while undiminished, was said to be at the level of the same period in 1981.

Group profits for the whole of last year were DM 100m, compared with DM 78m.

Schering expects a rise in

INTERNATIONAL APPOINTMENTS

turnover for the rest of this year matching that of the first six months. Profits, it said, would thus be "satisfactory".

The company said it had completed the sale of its subsidiary, Isar-Bakoli-Chemie and negotiations are under way for the sale of two other subsidiaries, Leichter Chemie and Hamm-Chemie. Schering intends to concentrate resources in its traditional area and in the newly-founded fine chemicals division.

The company noted it had not expected its growth rate, but that in the light of the continued weakness of domestic and U.S. markets it regarded the results as adequate.

Parent company's sales abroad rose 12.8 per cent to DM 678m.

Vice president for ITT

Mr Harold W. Miller has been elected vice president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORP. in addition to his election as corporate vice president. Mr Miller, who previously served as group general manager of the telecommunications systems group, has been named group executive vice president for North America. Headquarters for this newly formed group will be at ITT facilities in Raleigh, North Carolina.

Mr Jan Beckman has been appointed marketing director for GENERAL ELECTRIC COMPANY of the U.S. European electronics operations, Dundalk, Ireland.

C.E. LUMMUS, a unit of Combustion Engineering Inc., has appointed Mr Richard L. Akis as manager of oil and gas sales for the western hemisphere. He will have overall sales and co-ordination responsibility with C.E. Crest and other business units for oil and gas production projects. He will continue to be based at C.E. Lummus Houston division. Mr Akis joined Lummus in 1977 as Business Development Manager, Southwest U.S. Sales in Houston.

Ricardo E. Alvarado, a public affairs representative in Washington, D.C., has been elected vice president, government relations of THE SIGNAL COMPANIES, INC. Mr Alvarado joined Signal's Washington, D.C. office on August 1 and will replace Mr Frank P. Sanders, vice president, who will retire this year. Mr Alvarado was corporate director of government affairs for Lockheed Corp. in Washington, D.C.

William B. Farne has been elected to the newly-created position of executive vice-president of AMERICAN GENERAL CORP. He will be responsible for administrative operations of American General Corporation, the parent company of the American General group of financial service companies. Mr Robert O. Puffer is succeeding Mr Farne as president and chief executive officer of the American General Life Insurance Company.

Mr Pardue, who joined the American General group in 1966, has been serving as president of American General Life Insurance Company since March 1980. Mr Pardue, the new president of American General Life Insurance Company, joined American General in May 1981 as a senior vice-president in the life division of the parent company.

WARNER-LAMBERT has elected three corporate vice presidents: Mr Gustavo J. Figueredo, who continues as president, Asia/Australia in the international operations group; Mr Fred G. Waite, who continues as corporate treasurer; and Mr Stephen A. Wilgar, who is president, Canada/Latin America in the international operations group.

DADLER-BENZ AG has made changes in its U.S. truck manufacturing subsidiaries. From November 15: Mr Peter E. Rupp, president of Euclid, Inc. Cleveland, has been named vice-chairman and president of Freightliner Corp. and of Mercedes-Benz Truck, both located in Portland, Oregon. Mr Rupp succeeded Mr Ronald E. Barabas, president and chief executive officer of Freightliner Corp. and Mercedes-Benz Truck who will relinquish all duties associated with those companies on November 15.

Mr Jaergen E. Schrempf, a member of the board of management of UCDD (Pty.), an affiliated company of Daimler-Benz in South Africa, will succeed Mr Rupp as president of Euclid.

Mr Rupp remains vice chairman of Euclid and chairman of the Euclid executive committee.

Mr David M. Hall has been appointed managing director of VISIONHIRE (PTY), Electronic Rentals Group's Australian subsidiary. Mr Adrian Thompson has replaced Mr Hall as group treasurer.

Mr Guy F. Sarasin has been appointed vice-chairman of the board of BALOISE HOLDING, the parent company of the Baloise Insurance group of Basle. Dr Franz Kaefer and Mr Josef Zuzwiler have joined the board.

This announcement appears as a matter of record only.

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Sea Containers Ltd.
\$200,000,000
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The First National Bank of Boston

Funds provided by
Bank of Montreal
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Continental Illinois National Bank and Trust Company of Chicago
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First Interstate Bank of California
The First National Bank of Boston
National Bank of North America
Manufacturers Hanover Trust Company
National City Bank

Agent
THE FIRST NATIONAL BANK OF BOSTON
BANK OF BOSTON
JULY 1982

Companies and Markets **INTL. COMPANIES & FINANCE**

Boost for the Bahrain Diplomat

BY MARY FRINGS IN BAHRAIN

A KUWAITI investment group has acquired a controlling interest in Bahrain's National Hotels Company, which owns the 280-room Diplomat. The hotel is managed by Trust House Forte, the irreplaceable 73-year-old chairman of which Lord Forte, was present at the long-delayed ceremonial opening in February, accompanied by a Palm Court orchestra, a pair of father-and-son "Beefeaters" and a mock-up of the British Crown Jewels.

Lord Forte would have approved of the panache with which Abdul Wahab Al Tammar and his delegation from Kuwait Foreign Trading, Contracting and Investment Company (KFTCIC) set the seal on their \$18.5m injection of capital. They flew in by private jet to a late-night shareholders' assembly, attended a board meeting on which they now hold four of the nine seats, and left after midnight, just as cannon-fire signalled the rising of the new moon and the end of the fasting month of Ramadan. The Diplomat faces the future, if not free of debt, at least with a lighter load.

KFTCIC has been involved with the National Hotels Company since 1978, when it negotiated a rescue package of nearly \$30m in medium- and long-term loans, and took up a \$3m issue of new shares after the market failed to respond. The lack of enthusiasm on the part of local investors was understandable. Hyundai, the South Korean contractors, had walked off the Diplomat site months earlier, leaving the building only 40 per cent complete; the gaunt steel skeleton stood as a monument to the risks of trying to build a \$40m project on equity capital of under \$5m, and the existing shares were being quoted at

only half their par value. The second restructuring of the Bahraini public joint stock company, to boost its capital from \$14.5m to \$37m, and to permit KFTCIC to increase its stake from 22.5 per cent to 58.5 per cent required the approval of the Cabinet, which was granted in March. At the same time, the Government agreed to put in an extra \$2.25m to maintain its own shareholding at 10 per cent, while the founding chairman, Ahmed Abdurahman Al-Zayani (who is to continue in office despite the Kuwaiti

rights issue by public subscribers. This amounted to only 10,810 shares worth a total of \$28,000 at par, but in the words of the NHC general manager, Abdul Rahman Morsheid, "We were expecting nothing at all." Immediately before the new issue, NHC shares were trading at 10 per cent below par. While much has been made of the "brotherly support" for Bahrain from a fellow-member of the Gulf Co-operation Council, the chairman of KFTCIC is too shrewd an investor to put shares before commercial

less than a third full and the THF manager, Pierre Vacher, projects an overall occupancy for 1982 of 40 per cent. His target for the second year of operation is 55 per cent, and efforts—appreciably more intensive than in the run-up to the "soft" opening last December—are being made to project the hotel's image and increase its market share.

Despite the increase in capital, which will enable National Hotels Company to pay off the KD 4.5m (\$16m) medium-term loan provided by KFTCIC, Gulf International Bank and a group of Kuwaiti financial institutions, as well as to bring its other interest payments up to date, it is going to be an uphill struggle towards break-even point. Somehow, the company must service the remaining 10-year loans, at a cost next year of some \$1.3m.

THF came on the scene as far back as 1975, when a contract was signed with National Hotels Company to manage both the Diplomat and a more modest businessmen's hotel, the Al Jaana. The site for the major project had just been reclaimed from the sea, and was the government's contribution in kind to the company's capital. Construction of the 16-storey hotel was to drag on for six years, and in the process many of the more luxurious amenities were relegated to phase-two.

At the Diplomat opening in February, a confident Lord Forte praised the beauties of Bahrain, the fortitude of the hotel's owners and the splendid choice of site. Only the Prime Minister hinted at past vicissitudes when he paused in front of a journalist to remark: "This time you are going to write something good."

The Diplomat Hotel in Bahrain is being developed as a luxury hotel, under the management of Trust House Forte of the UK. Past vicissitudes of the owners, Bahrain's National Hotels Company, have been lightened by the taking up of a controlling interest by a Kuwait investment group. Cannon-fire, the rising of the new moon and the ending of the fasting month of Ramadan ushered in the new regime

majority) added another \$1.3m. Mr Zayani, a prominent Bahraini merchant, whose family also runs the well-established Delmon Hotel in the heart of the business district, is known to have been in the market for the company's shares when prices were at their lowest ebb, and the new purchase probably brings his holding to more than \$4m. Kuwaiti faith in the long-term prospects of National Hotels Company also brought to some small additional funds: \$260,000 from Bahrain's Civil Service pension fund, \$200,000 from the National Import and Export Company, and \$26,000 from the Bahra Insurance Company. Perhaps the most encouraging sign of returning confidence was the extent of taking up of

the feeling is strong in business circles that if the Kuwaitis think a project is worth backing, it will make money, though the immediate prospects may seem otherwise. In competition with Bahrain's two other new luxury hotels, the THF Diplomat has so far proved to be an "also ran". The Sheraton and the Regency Inter-Continental are both closer to the city centre and enjoy the cream of the VIP market. Official Government guests usually stay in the Regency, in which the Prime Minister's son, Shaikh Ali bin Khalifa Al Khalifa, is a major shareholder, while the military use the Sheraton, which is owned by the Heirs of the Amir. In June, the Diplomat was

De Beers

Interim Report and Declaration of Dividend

The following are the unaudited consolidated results for the half-year ended 30th June 1982 together with the comparative figures for the half-year ended 30th June 1981, and for the year ended 31st December 1981.

	Half-year ended 30.6.82 R millions	Half-year ended 30.6.81 R millions	Year ended 31.12.81 R millions
Diamond account	108.5	201.4	360.3
Investment income	91.3	104.5	179.6
Other interest	23.2	36.0	62.7
Share of retained profits after tax of associated companies	152.3	53.2	264.5
Net surplus on realisation of investments	—	0.6	3.1
Surplus on realisation of fixed assets	1.2	—	0.1
	376.5	385.7	870.3
Prospecting and research	25.5	27.1	62.5
General charges	7.0	8.5	15.3
Interest payable	48.6	13.4	38.3
Amount written off fixed assets	—	—	0.4
	81.1	49.0	116.5
	295.4	346.7	753.8
Tax	37.3	75.7	97.3
State's share of profit under mining leases	—	5.4	3.8
	37.3	81.1	101.1
Profit after tax	257.6	265.6	652.7
Profit attributable to outside shareholders (to subsidiaries)	3.6	10.7	22.8
Dividends on preference shares	0.9	0.9	1.6
	4.5	11.6	24.4
Net profit attributable to deferred shareholders before extraordinary items	253.1	254.0	628.3
Share of extraordinary losses of associated companies	14.0	—	—
	239.1	254.0	628.3
Dividends on deferred shares	45.0	89.9	179.9
Retained profit	194.1	164.1	448.4
Earnings per deferred share before extraordinary items	70.3c	70.6c	174.6c
Dividends per deferred share:			
Interim	12.5c	25c	25c
Final	—	—	—

Notes:
1. In comparing investment income and the share of retained profits of associated companies it must be borne in mind that De Beers Industrial Corporation Limited ceased to be a subsidiary following its merger on 1st January 1982 with Anglo American Industrial Corpora-

tion Limited, which became a 25 per cent owned associate of De Beers on that date. In order therefore to facilitate the comparison of the Group's results, the Group's share of the retained profits of its associated companies is now grouped with investment income and lower interest.

2. It should not be assumed that the results for the half-year ended 30th June will be repeated in the half-year ending 31st December, since income does not necessarily accrue evenly throughout the year.

COMMENT
Sales by the Central Selling Organisation (CSO) of the smaller sizes and lower qualities of rough diamonds have continued at satisfactory levels; consistent with continued demand at the retail level, but there has as yet been no improvement in sales of larger sizes and better qualities. The CSO has therefore continued its policy of withholding from sale those qualities that are not in immediate demand and producers are operating on the quota system. Stocks and bank credit in the cutting centres have continued to fall and shortages have begun to appear in certain categories of rough so that a sound basis exists for an improvement to CSO sales as general worldwide economic conditions improve. Stocks held by the CSO are expected to rise this year by some US\$300 million (though the increase to Rand will be higher if the Rand/Dollar exchange rate remains lower than it was at the end of 1981). At 30th June 1982 short and medium term borrowings were R531 million and other current assets R321 million, compared with R349 million and R263 million respectively at 31st December 1981. Long term borrowings were R59 million at 30th June 1982 compared with R64 million at 31st December 1981. Such borrowings are low in relation to the overall assets of the Group including the substantial investments outside the diamond business valued at some R2,400 million at 30th August 1982. The Group has bank facilities sufficient for its foreseeable needs.

INTERIM DIVIDEND
Declaration of Dividend No. 125 on the Deferred Shares. An interim dividend in respect of the year ending 31st December 1982 being dividend No. 125 of 12.5 cents per share (1981: 25 cents) has been declared payable to the holders of deferred shares registered in the books of the Company at the close of business on 24th September 1982 and to persons presenting coupon No. 69 detached from deferred share warrants to bearer. A notice regarding payment of dividends on coupon No. 69 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about 17th September 1982. The deferred share transfer registers and members of members will be closed from 25th September 1982 to 8th October 1982 both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 4th November 1982. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 27th September 1982 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 24th September 1982. The effective rate of non-resident shareholders' tax is 11.001 per cent. The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board
H. F. OPPENHEIMER
PHILIP OPPENHEIMER / Directors

25th August 1982
Copies of this report will be posted to all registered shareholders

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)
Charter Consolidated P.L.C., P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.
De Beers Consolidated Mines Limited
Incorporated in the Republic of South Africa

New Issue August 25, 1982. This advertisement appears as a matter of record only.

ITT Antilles N.V.
Curacao, Netherlands Antilles

DM 100,000,000
9 1/4 % Deutsche Mark Bonds of 1982/1992

unconditionally and irrevocably guaranteed by
International Standard Electric Corporation
New York, New York, U.S.A.

Issue Price: 100%
Interest: 9 1/4% p.a., payable annually on August 26
Redemption: August 26, 1992
Listing: Frankfurt am Main

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|--|---|---|
| Commerzbank Aktiengesellschaft | Deutsche Bank Aktiengesellschaft | Lazard Frères & Co. |
| Lehman Brothers Kuhn Loeb International, Inc. | Dresdner Bank Aktiengesellschaft | Westdeutsche Landesbank Girozentrale |
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| Atlantic Capital Corporation | Anro International Limited | Arnhold & S. Bleichroeder, Inc. Banca Commerciale Italiana |
| Banca del Gottardo | Julius Baer International Limited | Bank Leu International Ltd. |
| Bank of Tokyo International Limited | Bank für Gemeinwirtschaft Aktiengesellschaft | Banque Française du Commerce Extérieur |
| Banque Générale de Luxembourg S.A. | Banco Brucellos Lambert S.A. | Banque Internationale à Luxembourg S.A. |
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| Banque Populaire Suisse S.A. Luxembourg | Banque de Neufilix, Schlimmerger, Wolfel | Baring Brothers & Co. Limited |
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EDF

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Application has been made to the Council of The Stock Exchange in London for the Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange in London, £7,500,000 nominal amount of the Stock will be available to the market on the date of publication of this advertisement. The Stock is payable as to £20 per cent. of the nominal amount on acceptance and as to the balance of the issue price not later than 3 p.m. on 24th November 1982.

The coupon and issue price will be determined, as provided in the Placing Memorandum, at 3 p.m. today, and will be announced later today.

Particulars of Electricité de France and the Stock, including the coupon and issue price, will be available from Exel Statistical Services Limited on 26th August 1982. In the meantime, and up to and including 9th September 1982, particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from:-

Kleinwort, Benson Limited
20 Fenchurch Street
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London EC2Y 5AP

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Broad Street
London EC4M 9EL

25th August 1982

COMMODITIES AND AGRICULTURE

Companies and Markets

California expects big almond crop

CALIFORNIA expects another large almond crop this year with the California Livestock and Crop Reporting Service predicting 365m meat-pounds—the third largest ever. This follows a record crop in 1981, an 11.2 per cent gain in exports and a 21 per cent gain in U.S. domestic consumption of almonds in the season to July 1982.

Stronger pound lowers copper

BASE METAL markets showed increasing signs of nervousness about the "boom" in the stock markets and gold yesterday. After initially moving up, copper came under selling pressure and the higher grade cash price closed 14 1/2 lower at \$856 a tonne.

Japanese to boost metals stockpile

TOKYO — Japan plans to increase its stockpile of 11 rare metals, including nickel and chrome, in a five-year project beginning next April, the Ministry of International Trade and Industry said yesterday.

MARKET PROFILE/COFFEE

Surplus threat builds up

AS a mild winter draws to a close in Brazil, and the risk of damaging frosts recedes, the long-range forecast for the world coffee market looks gloomy.

Surplus threat builds up

unable to keep prices within its target band of U.S.\$1.20-1.40 lb. Brazil has suffered quota cut like everyone else. When its sales came to a virtual standstill in July, it had in effect to reduce its export price to get them moving again.



(ICAO) itself. With the present agreement due to expire at the end of September, and its extension for a further year made conditional upon the prior negotiation of a new pact to take its place in October 1982, talks have so far failed to close the gap between different members' aspirations.

Agreement reached to cut rubber supply

KUALA LUMPUR — The Association of Natural Rubber Producing Countries has reached an agreement in principle on measures to hold back 350,000 tonnes of natural rubber from the world market over the second half of the year, delegates said.

EEC offers aid for India tobacco

By D. P. Kumar in New Delhi THE EEC is willing to assist India in a project to produce, process and manufacture tobacco for export to the community.

Australian wheat chief warns of price war

TOOWOOMBA, QUEENSLAND — The world wheat market could suffer a price war between major grain exporting nations unless the worsening problem of subsidised exports can be resolved, Sir Leslie Price, chairman of the Australian Wheat Board (AWB) said yesterday.

LONDON OIL SPOT PRICES

Table with columns for Oil type (Arabian Light, Arabian Heavy, Brent, etc.), Price, and Change.

GAS OIL FUTURES

Table with columns for Month, Year/day's +/- of Business Done, and Price.

BRITISH COMMODITY MARKETS

Table with columns for Commodity (Nickel, Silver, Tin, etc.), Price, and Change.

PRICE CHANGES

Table with columns for Commodity (Metals, Cereals, etc.), Price, and Change.

AMERICAN MARKETS

Table with columns for Commodity (Cotton, Sugar, etc.), Price, and Change.

GOLD MARKETS

Gold continued to rise sharply in the London bullion market yesterday, gaining \$15 to \$411-\$412. It opened at \$398-\$399, the lowest level of the day, and touched a peak of \$414-\$415.

LONDON FUTURES

Table with columns for Month, Year/day's +/- of Business Done, and Price.

COFFEE

Table with columns for Month, Year/day's +/- of Business Done, and Price.

SOYABEAN MEAL

Table with columns for Month, Year/day's +/- of Business Done, and Price.

INDICES

Table with columns for Index Name, Value, and Change.

EUROPEAN MARKETS

Table with columns for Commodity (Wheat, etc.), Price, and Change.

Wool Futures

Table with columns for Month, Year/day's +/- of Business Done, and Price.

Wheat

Table with columns for Month, Year/day's +/- of Business Done, and Price.

Sugar

Table with columns for Month, Year/day's +/- of Business Done, and Price.

Grains

Table with columns for Month, Year/day's +/- of Business Done, and Price.

Commodity Analysis (Brokers) Ltd. Specialists in Commodity and Currency Discretionary Accounts. Minimum account size £25,000.

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Wool Futures. SYDNEY GREASY WOOL—Close (in order of preference) 50 to 58.5, 59 to 60, 60 to 61, 61 to 62, 62 to 63, 63 to 64, 64 to 65, 65 to 66, 66 to 67, 67 to 68, 68 to 69, 69 to 70, 70 to 71, 71 to 72, 72 to 73, 73 to 74, 74 to 75, 75 to 76, 76 to 77, 77 to 78, 78 to 79, 79 to 80, 80 to 81, 81 to 82, 82 to 83, 83 to 84, 84 to 85, 85 to 86, 86 to 87, 87 to 88, 88 to 89, 89 to 90, 90 to 91, 91 to 92, 92 to 93, 93 to 94, 94 to 95, 95 to 96, 96 to 97, 97 to 98, 98 to 99, 99 to 100.

ENERGY REVIEW

The future for French nuclear power

By David Fishlock, Science Editor

RADIO-ACTIVE waste is the most sensitive nuclear issue today in France...

France, however, has not been immune from the effects of economic recession...

It expects greater difficulty finding sites for these repositories than for more nuclear reactors...

M Carle, who took responsibility for construction from M Michel Hug early this year...

What is more, French experience with the U.S. reactor has been good...

Last winter they began to discover the drawbacks of six-reactor sites...

Year 1 50 per cent Year 2 60 per cent Year 3 50 per cent Year 4, etc. 70 per cent

Availability: Year 1 50 per cent Year 2 60 per cent Year 3 50 per cent Year 4, etc. 70 per cent

The outcome of the re-appraisal of the reactor programme a year ago...

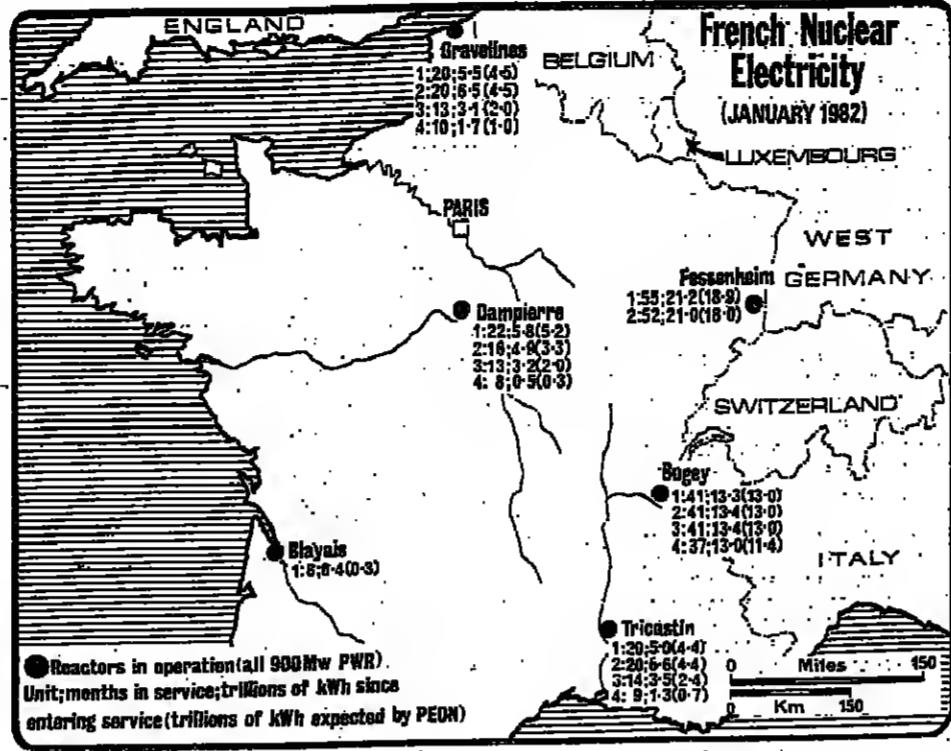
Today, the CEA alone spends about £20m a year on civil PWR R and D...

Five more were "frozen" last summer. The Government devised a three-level scheme...

One major result of this R and D is a French design of PWR, the N4...

Another favourite is Julie's Pantry. And no wonder! Our natural hamburgers have been voted the best in the country...

At service areas featuring the Carvery, the choicest cuts are also yours. Carve yourself the best of roast pork, lamb or beef...



recession in the next few years. Just a few miles north, at Pierrelatte, Cogema, the French nuclear fuel company...

Only the high-enrichment stages — a very small part of the plant — is being retained, mainly to make highly enriched fuel for submarine PWRs...

Next door to Pierrelatte the leviathan Tricastin enrichment plant of Eurodif, in which Cogema is majority shareholder...

France is no nearer answering the question of what to do next about commercial fast reactors. The Mitterrand Government has postponed any decision until it has operating experience of Superphenix...

When Remy Carle speaks of having a different job from that of his predecessor who launched the big French nuclear construction programme...

It is already clear that the 10 per cent discount on electricity tariff for those who live and work within 10 kilometres of a French nuclear station...

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Another favourite is Julie's Pantry. And no wonder! Our natural hamburgers have been voted the best in the country. Super fries, shakes, fish and, of course, hot apple pie. The choice is yours.

At service areas featuring the Carvery, the choicest cuts are also yours. Carve yourself the best of roast pork, lamb or beef. The Piknic Shop lives up to its name, providing appetising food and drink conveniently packaged to take away...

And we have our family shops...stocked with magazines, confectionery, tobacco and even fresh flowers. If that last minute gift catches your eye, we will gift wrap it, free.

Our attractive TraveLodge motels offer you comfortable rooms at an attractive price. You'll find all brands of petrol at competitive prices, that's



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And behind everything we do there is the care and expertise of the Trusthouse Forte supporting team, from expert buyers to food technologists — all committed to ensuring that our most demanding hygiene and quality standards are always achieved.



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Services. Icons for a car, a cup, a fork and knife, a plate, and a chair.

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market activity, including columns for Stock, Aug 23, Aug 24, and Aug 25. Lists various companies and their price movements.

Early profit-taking on Wall St

FOLLOWING Monday's further upsurge to an eight-month high, Wall Street Blue Chips retreated yesterday morning as the institutions started taking profits. However, the rest of the market was ever the market, while overall trading volume remained extremely heavy.

The Dow Jones Industrial Average Blue Chip indicator, which had rallied 114 points in the past seven business days, had retreated 10.46 to 880.71 by 1 p.m. yesterday. The NYSE All Common Index slipped 17 cents to 866.33, although it rises another 20 cents to 886.33 by 3 p.m.

The Blue Chip stocks that were the greatest beneficiaries of the market's advance were among the weaker issues yesterday. On the active list, Sears shed \$1 to 52.75, IBM \$1 to \$88.50, General Motors \$1 to \$49.50, and Ford \$1 to \$26. All these issues closed at new 52-week highs on Monday.

Also lower were ATT, by \$1 to \$59.75, Union Carbide, \$1 to \$45.75, and International Technology, \$1 to \$45.75. Merck \$1 to \$73.10, International Paper, \$1 to \$42, and Minnesota Mining, \$1 to \$59.75.

Warner Communications lost \$1 to \$55.75, its Atari subsidiary has temporarily shifted about 140 million shares to its co-operated video games division to a four-day week due to a seasonal slowdown.

Cities Service was up \$1 to \$49.75. The company's directors announced a \$50 a share bid from Occidental Petroleum, but offered closing prices for North America were not available for this edition.

Canada: Markets were inclined to gain fresh ground in active early dealings. The Toronto Composite Index was 7.0 higher at 1,556.1 at noon, while Oil and Gas rose 15.0 to 2,009.9. Gold retreated 43.4 to 2,326.1.

Tokyo: Further bolstered by Wall Street's continued buoyancy overnight, lower interest rates in Japan and the U.S., and the year's recovering trend, export-oriented Blue Chips again led the Tokyo market into higher ground initially yesterday. However, a number of issues were later pared and some issues ended lower on the day as investors became cautious about the fast tempo of the market's rally to recent sessions from a two-week lull.

The Nikkei-225 Jones Average, however, was still ahead 35.50 to 7,088.99 on the day, after Monday's advance of 45 points. The Tokyo SEI index added 2.06 at 527.06, while the Nikkei-225 index added 2.06 at 527.06, while the Nikkei-225 index added 2.06 at 527.06.

Hong Kong: Despite the further upsurge on Wall Street overnight, Hong Kong markets turned sharply lower yesterday. Monday's share price gains which followed a larger-than-expected cut of 1% per cent in local prime rate.

Brokers noted some profit-taking and other liquidations as a result of a general lack of confidence in the market. Uncertainty over the Colony's long-term political future when the lease from China on the new territories expires in 1997 continued to overshadow sentiment.

The Hang Seng index, which reached 3,377 the previous day, receded to 3,254.80 on the four exchanges from Monday's HK\$290.53.

Beaumont and Shanghai Bank declined 15 cents to HK\$5.55 ahead of its interim profits announcement, expected later that day.

Switzerland: Buoyed by the continued sharp Wall Street rally and Monday's reduction in rates for medium-term notes by the Zurich Cantonal Bank, the market advanced over a broad front. The Swiss Bank Corporation Industrials Index rose 4.0 to 248.4.

Australia: Metal Mining and some Oil and Gas issues led markets into higher ground at the outset yesterday, but the upward momentum was lost during the afternoon due to insufficient follow-through buying.

Brokers said overseas buy orders dominated the base metals sector initially, which was again the focal point of the market due to higher metal prices and the strongly rallying Gold Bullion price.

However, they were cautious about the Wall Street upsurge, with most taking their lead from indications of continuing weakness in the U.S. economy rather than the recent declines in U.S. interest rates.

The All Ordinaries index, nevertheless, ended 5.5 firmer at 473.2, while Metals and Minerals put on 8.0 to 360.7, and Oil and Gas 8.1 to 43.4. Industrials managed a pickup of 2.1 from Monday's 1982 low to close at 605.7.

Amoco Golds, Central Norwegian added 16 cents at AS6.00 and Poseidon 16 cents at AS2.80.

Germany: Bourse prices displayed an easier tendency, falling to maintain the recent advance despite Wall Street's further surge to an eight-month high overnight. Dealers said operators were holding back ahead of tomorrow's meeting of the Bundesbank Council. The Commerzbank index shed 2 to 875 after rising about 20 points in the previous two sessions.

News of a smaller-than-expected West German July current account deficit was received positively but, although it boosted the D-mark, share values were hardly affected. Financially-stricken Electricals concern AEG, against the background of talks in Bonn on its DM 1.1bnc guarantee request, fell DM 1.80 to DM 31.

Johannesburg: Diamond issue De Beers featured weakly on news of a halved interim dividend, falling to R5.25 before ending a lost session down at R5.42.

With the Bullion prices advancing again yesterday in London but ending well below the day's best, Gold shares failed to make a recovery to earlier levels. Randfontein lost R1.00 to R76.50 and Libasun R1.50 to R24.25.

Oil, after Monday's rise, ended narrowly mixed, with closing on an easier note with Petroleum and Non-ferrous Metals issues. Sony featured with a rise of Y220 to Y3,420, while Hitachi rose Y9 to Y604, Toshiba Y6 to Y306, Toyota Motor Y15 to Y555, Mitsubishi Heavy Y9 to Y135, Nippon Steel Y4 to Y137, and Shipbuilding Y6 to Y145.

In contrast, Takeda Pharmaceuticals shed Y8 to Y790, Nichi-Kodo Y1 to Y70, and Dai-ichi Kangaku Y1 to Y70.

Denmark: Markets were mixed, with a rise in the Copenhagen index to 1,100.50, but a fall in the Copenhagen 200 index to 1,000.00.

France: Markets were mixed, with a rise in the CAC 40 index to 1,100.50, but a fall in the CAC 20 index to 1,000.00.

Italy: Markets were mixed, with a rise in the FTSE 100 index to 1,100.50, but a fall in the FTSE 20 index to 1,000.00.

Norway: Markets were mixed, with a rise in the Oslo 20 index to 1,100.50, but a fall in the Oslo 100 index to 1,000.00.

Sweden: Markets were mixed, with a rise in the Stockholm 20 index to 1,100.50, but a fall in the Stockholm 100 index to 1,000.00.

Switzerland: Markets were mixed, with a rise in the Swiss 20 index to 1,100.50, but a fall in the Swiss 100 index to 1,000.00.

Australia: Markets were mixed, with a rise in the All Ordinaries index to 1,100.50, but a fall in the All Ordinaries 20 index to 1,000.00.

Japan: Markets were mixed, with a rise in the Nikkei-225 index to 1,100.50, but a fall in the Nikkei-225 20 index to 1,000.00.

Hong Kong: Markets were mixed, with a rise in the Hang Seng index to 1,100.50, but a fall in the Hang Seng 20 index to 1,000.00.

South Africa: Markets were mixed, with a rise in the All Share index to 1,100.50, but a fall in the All Share 20 index to 1,000.00.

Brazil: Markets were mixed, with a rise in the Ibovespa index to 1,100.50, but a fall in the Ibovespa 20 index to 1,000.00.

Financial Rand US\$0.764 (Discount of 12%)

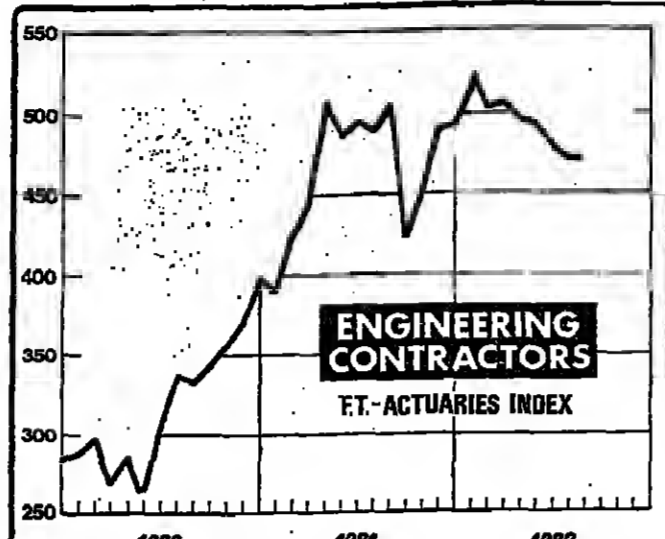
Source: Reuters and local exchanges

NOTES: Prices on this page are quoted on the underlying securities and are based on the closing price of the securities on the day of publication. All figures are in local currency unless otherwise stated.

Handwritten signature: J. J. J.

Gilt-edged falter despite cut in money market rates
Economic worries override Wall St and equities fall

Account Dealing Dates
Option
First Declared Last Account
Dealings Dealing Dates
Aug 16 Sept 2 Sept 17 Sept 27



Marked up to 281p at the outset, Grand Metropolitan subsequently met with selling and came back to close 4 cheaper on balance at 279p. On the other hand, Lloyds Bank International demand ahead of next Tuesday's interim results and closed 3 up at 139p.

Standard easier
Fresh weakness in Hong Kong prompted a sympathetic decline in Standard Chartered, which has substantial interests there, the close being 10 down at 380p.

Legal and General added 4 at 231p and Prudential improved 3 to 279p.
Initial support for Breweries soon petered out and the leaders drifted lower in a subdued session. Whitbread eased a couple of pence to 129p, as did Allied-Lyons at 123p.

Euro Ferries firm
Marked up at the outset, miscellaneous industrial leaders retreated as buyers failed to appear and the gilt market opened lower. Unilever ended 10 down at 610p and BTR dipped 8 at 326p, while Beecham gave up 8 at 299p and Glaxo dipped 5 to 765p.

Confidence in Gilt-edged appeared to wane in the face of firm short-term U.S. interest rates overnight. Dealers' quotations lower anticipating profit-taking, but selling was not unduly heavy and a rallying tendency developed.

Trade in leading Buildings contracted and the tone became irregular. Barrat Developments edged up a few pence to 318p, but Taylor Woodrow gave up 5 at 535p and Costain shed 3 to 242p.

Quiet conditions prevailed in Properties and the leaders closed a shade firmer. After the previous day's fall of 9, MEPC opened higher at 180p before setting a penny dearer on balance at 188p.

Table with columns: Index, Aug 24, Aug 23, Aug 20, Aug 19, Aug 18, Aug 17, A year ago. Rows include Government Secs, Fixed Interest, Industrial, Gold Mines, etc.

Marked up a few pence at the outset, ICA encountered a certain amount of selling and retreated to close a net 6 down at 286p.

Business in Traded Options remained relatively low with 1,594 contracts done. One again gold shares attracted the lion's share of the trade.

Table with columns: High, Low, High, Low, Aug 23, Aug 20. Rows include Govt. Secs, Fixed Int., Ind. Brd., Gold Mines.

Stores idle
Marked a couple of pence firmer at the opening, leading Stores failed to attract any appreciable support and finished with small falls.

Investment Trusts continued to move against the trend and

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, index, % change, etc. Rows include CAPITAL GOODS, BUILDING MATERIALS, etc.

NEW HIGHS AND LOWS FOR 1982

Table with columns: NEW HIGHS (101), LOWS (26). Rows include BRITISH FUNDS, FOREIGN FUNDS, etc.

APPOINTMENTS

Senior post at De Beers
Mr Julian Ogilvie Thompson was appointed deputy chairman of DE BEERS CONSOLIDATED MINES at yesterday's board meeting.

RECENT ISSUES

Table with columns: EQUITIES, issue price, amount paid up, etc. Rows include Anglo-Nordic, Argyl Foods, etc.

FIXED INTEREST STOCKS

Table with columns: issue price, amount paid up, etc. Rows include 50p, 100p, etc.

"RIGHTS" OFFERS

Table with columns: issue price, amount paid up, etc. Rows include 100p, 200p, etc.

Remuneration data usually last day for dealing lists of stamp duty. Figures based on prospectus estimates.

ACTIVE STOCKS

Table with columns: Stock, closing price, % change, etc. Rows include Allied-Lyons, BICC, etc.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Monday's closing price, etc. Rows include British Funds, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Time, Day's % change, etc. Rows include 1 Year, 5 1/2 Years, etc.

OPTIONS

Activity in Options increased quite sharply and calls were completed in Ault and Wiborg, Mitchell Somers, Raglan Property, Turner and Newall, First National Finance, Lomax, ICL, Brunswick, Plessey, GKN, Eagle Star, New Court Natural Resources, Jardine Matheson, De Beers Deferred, Australian Consolidated Minerals, West Rand Cons, North Kalbarli, Western Mining, South African Lead, Venterspot, Cons. Gold Fields and Hartbeest. Puts were taken out in Ward and Goldstone, Barclays Bank and Elsbarg. No doubles were reported.

CONTRACTS

£2.4m factory work for Babcock Woodall-Duckham
BABCOCK WOODALL-DUCKHAM has been appointed project manager and main contractor handling design, procurement and construction for a factory for the Co-operative Wholesale Society at Workson in Nottinghamshire.

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Rises, Falls, Same. Rows include British Funds, etc.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Monday's closing price, etc. Rows include British Funds, etc.

CONTRACTS

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Financial Times Wednesday August 25 1982. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Companies and Markets CURRENCIES and MONEY

Dollar very weak

The dollar weakened sharply despite a slight rise in Eurodollar interest rates. The downward trend of the U.S. currency was encouraged by better than expected trade figures from the UK and Germany, lower U.S. inflation, and a further injection of \$10bn by the Federal Reserve to the U.S. banking system.

July, increasing speculation of a cut in the Bundesbank discount and Lombard rates tomorrow. The surplus of DM 3.7bn was in line with expectations. At the fixing the dollar fell to DM 2.4307 from DM 2.4598, without any intervention by the German central bank.

STERLING - Trade-weighted index 91.8 against 91.6 at noon, 91.7 at the opening, 91.6 at the previous close, and 90.8 six months ago. Three-month Treasury bills 7.9 per cent (12.18 per cent six months ago). Annual inflation 6.5 per cent (7.1 per cent previous month). The dollar fell to DM 2.4190 from DM 2.4525 against the D-mark: to FF 6.78 from FF 6.875 against the French franc: to SwFr 2.07 from SwFr 2.07 in terms of the Swiss franc: and to Y251.75 against the Japanese yen.

FRANCE FRANC - EMS member (third strongest). Trade-weighted index 73.7 against 73.6 on Monday, and 73.9 six months ago. Three-month interbank 14 1/2 per cent (14 1/2 per cent six months ago). Annual inflation 13.3 per cent (11.3 per cent previous month). The franc remained protected by very high Eurocurrency interest rates and central bank intervention in very nervous foreign exchange trading. The nervousness, which began last week on strongly denominated bills the franc would be withdrawn from the European Monetary System, has forced the Bank of France to intervene consistently in recent days, while the gap between Eurofranc and domestic Paris interest rates has widened in 4 or 5 percentage points. Any fears that a cut in German central bank interest rates this week will put pressure on European currencies, particularly the EMS, such as the franc, should be offset by hopes of still lower U.S. rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Unit, % change, % change adjusted for divergence, Divergence (limit %). Rows include Belgium Franc, Danish Krone, French Franc, Dutch Guilder, Irish Punt, Italian Lira, etc.

EXCHANGE CROSS RATES

Table with columns: Aug. 23, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgium Franc. Rows show exchange rates for various currencies.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 24)

Table with columns: 3 months U.S. dollars, 6 months U.S. dollars, bid 10 bid, offer 10 bid, bid 11 bid, offer 11 bid. Shows interbank fixing rates.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Aug. 24, Starting, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone. Shows interest rates for various currencies.

MONEY MARKETS

UK clearing bank base lending rate 11 per cent (since August 17 and 18). The Bank of England cut 1 per cent on its bill dealing rates with the London money market yesterday, increasing speculation of another cut in the near future. This was despite a considerable shortage of day-to-day credit in the market, and an upward trend in period interest rates.

THE POUND SPOT AND FORWARD

Table with columns: Aug 24, Day's spread, Close, One month, % Three months, % Six months. Shows pound spot and forward rates.

THE DOLLAR SPOT AND FORWARD

Table with columns: Aug 24, Day's spread, Close, One month, % Three months, % Six months. Shows dollar spot and forward rates.

CURRENCY MOVEMENTS

Table with columns: Aug. 24, Bank of England, Morgan Guaranty, Index, % change, % change adjusted for divergence, Divergence (limit %). Shows currency movements.

OTHER CURRENCIES

Table with columns: Aug 24, Argentina Peso, Australian Dollar, Brazil Cruzeiro, Canadian Dollar, Hong Kong Dollar, Indian Rupee, Japanese Yen, Saudi Arabia, Singapore Dollar, South African Rand, U.S. Dollar, etc.

EUROCURRENCIES

Bank cuts dealing rates. Eurodollar interest rates continued to slip on yesterday, leading to a slight rise in most buying rates. Eurocurrency interest rates, including sterling, Euro French franc rates also advanced as the Bank of France continued its defence of the franc through higher interest rates and direct foreign exchange intervention.

LONDON MONEY RATES

Table with columns: Aug 24 1982, Sterling, Local Authority deposits, Finance House Deposits, Company Deposits, Discount Markets, Treasury Bills, Eligible Bills, Fine Trade Bills. Shows London money rates.

FT UNIT TRUST INFORMATION SERVICE

Authorized Truists section containing numerous tables and lists of financial institutions, trust managers, and their services. Includes names like Abbey Unit Truists, Craggs Unit Truists, etc.

هكزان الخليل

INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Life Assn. Co. of Pennsylvania, and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing insurance and overseas managed funds, including Standard Life Assurance Company, Norwich Union Insurance Group, and various international funds.

Table listing overseas managed funds and international investment services, including Guinness Mahon Int. Fund, Standard Pacific Fund Mgmt. Ltd., and various international equity and bond funds.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment services, including Fidelity International, Guinness Mahon Int. Fund, and various international equity and bond funds.

NOTES: Prices are in pence unless otherwise indicated. UK Stock prices are in pence unless otherwise indicated. All prices are as at 25th August 1982.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

PEOPLE That's BTR

LOANS—Continued. Table with columns for Stock, Price, and other financial metrics.

BANKS & H.P.—Cont. Table listing various banks and hire purchase companies.

CHEMICALS, PLASTICS—Cont. Table listing chemical and plastic companies.

ELECTRICALS—Continued. Table listing electrical companies.

Table listing food and grocery items with prices.

BRITISH FUNDS. Table listing various British investment funds.

Building Societies. Table listing building societies.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

ENGINEERING MACHINE TOOLS. Table listing engineering and machine tool companies.

HOTELS AND CATERERS. Table listing hotels and catering services.

“Shorts” (Lives up to Five Years). Table listing short-term investments.

FOREIGN BONDS & RAILS. Table listing foreign bonds and rail investments.

Table listing various companies and their share prices.

DRAPERY AND STORES. Table listing drapery and store companies.

Table listing various companies and their share prices.

INDUSTRIALS (Misc.). Table listing miscellaneous industrial companies.

Five to Fifteen Years. Table listing investments with a five to fifteen year horizon.

AMERICANS. Table listing American companies and their share prices.

BEERS, WINES AND SPIRITS. Table listing beer, wine, and spirit companies.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

Over Fifteen Years. Table listing investments with an over fifteen year horizon.

Table listing various companies and their share prices.

BUILDING INDUSTRY, TIMBER AND ROADS. Table listing building, timber, and road companies.

Table listing various companies and their share prices.

ELECTRICALS. Table listing electrical companies.

Table listing various companies and their share prices.

Undated. Table listing undated investments.

CANADIANS. Table listing Canadian companies and their share prices.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

COMMONWEALTH AND AFRICAN LOANS. Table listing commonwealth and African loans.

BANKS AND HIRE PURCHASE. Table listing banks and hire purchase companies.

Table listing various companies and their share prices.

CHEMICALS, PLASTICS. Table listing chemical and plastic companies.

Table listing various companies and their share prices.

Table listing various companies and their share prices.

LOANS Public Board and Ind. Table listing public board and industrial loans.

Table listing various companies and their share prices.

CHEMICALS, PLASTICS. Table listing chemical and plastic companies.

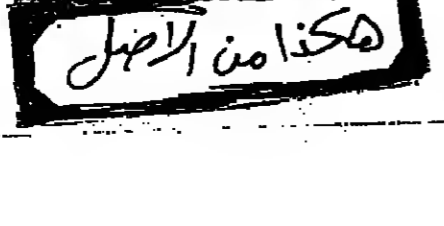
Table listing various companies and their share prices.

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Table listing various companies and their share prices.

FOOD, GROCERIES, ETC. Table listing food, groceries, and other items.

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MINES—Continued

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Includes entries like Falcorn (R.S.), Zamb Corp.

Australian

Table listing Australian mining stocks such as Argus Gold, BHP, and various regional miners.

Tins

Table listing tin mining stocks like Anglo-Tin, Anglo-Siam, etc.

Miscellaneous

Table listing various miscellaneous stocks and shares.

NOTES

Unless otherwise indicated, prices and dividends are in pence and denominated in 25c. Estimated price/earnings ratios and cover ratios are based on latest published figures.

MINES

Central Rand

Table listing Central Rand mining stocks like Anglo-American, Anglo-Platinum, etc.

Eastern Rand

Table listing Eastern Rand mining stocks like Anglo-Platinum, Anglo-American, etc.

Far West Rand

Table listing Far West Rand mining stocks like Anglo-Platinum, Anglo-American, etc.

O.F.S.

Table listing O.F.S. (Overseas Financial Services) stocks.

Regional and Irish Stocks

Table listing regional and Irish stocks like Anglo-Irish, Anglo-Scottish, etc.

Options

Table listing various options contracts and their prices.

OIL AND GAS—Continued

Table listing oil and gas stocks like Anglo-Continental, Anglo-Platinum, etc.

Overseas Traders

Table listing overseas trading companies like Anglo-Continental, Anglo-Platinum, etc.

Plantations

Table listing plantation stocks like Anglo-Continental, Anglo-Platinum, etc.

Teas

Table listing tea plantation stocks like Anglo-Continental, Anglo-Platinum, etc.

Mines

Table listing various mining stocks.

Far West Rand

Table listing Far West Rand mining stocks.

O.F.S.

Table listing O.F.S. stocks.

Finance

Table listing various financial services stocks.

Oil and Gas

Table listing oil and gas stocks.

Diamond and Platinum

Table listing diamond and platinum mining stocks.

INVESTMENT TRUSTS—Cont.

Table listing investment trusts like Anglo-Continental, Anglo-Platinum, etc.

Finance, Land, etc.

Table listing finance, land, and other investment trusts.

Oil and Gas

Table listing oil and gas investment trusts.

Far West Rand

Table listing Far West Rand investment trusts.

O.F.S.

Table listing O.F.S. investment trusts.

Finance

Table listing various financial investment trusts.

Oil and Gas

Table listing oil and gas investment trusts.

Diamond and Platinum

Table listing diamond and platinum investment trusts.

PROPERTY—Continued

Table listing property investment trusts like Anglo-Continental, Anglo-Platinum, etc.

Finance, Land, etc.

Table listing finance, land, and other property trusts.

Oil and Gas

Table listing oil and gas property trusts.

Far West Rand

Table listing Far West Rand property trusts.

O.F.S.

Table listing O.F.S. property trusts.

Finance

Table listing various financial property trusts.

Oil and Gas

Table listing oil and gas property trusts.

Diamond and Platinum

Table listing diamond and platinum property trusts.

LEISURE—Continued

Table listing leisure investment trusts like Anglo-Continental, Anglo-Platinum, etc.

Finance, Land, etc.

Table listing finance, land, and other leisure trusts.

Oil and Gas

Table listing oil and gas leisure trusts.

Far West Rand

Table listing Far West Rand leisure trusts.

O.F.S.

Table listing O.F.S. leisure trusts.

Finance

Table listing various financial leisure trusts.

Oil and Gas

Table listing oil and gas leisure trusts.

Diamond and Platinum

Table listing diamond and platinum leisure trusts.

INDUSTRIALS—Continued

Table listing industrial investment trusts like Anglo-Continental, Anglo-Platinum, etc.

Finance, Land, etc.

Table listing finance, land, and other industrial trusts.

Oil and Gas

Table listing oil and gas industrial trusts.

Far West Rand

Table listing Far West Rand industrial trusts.

O.F.S.

Table listing O.F.S. industrial trusts.

Finance

Table listing various financial industrial trusts.

Oil and Gas

Table listing oil and gas industrial trusts.

Diamond and Platinum

Table listing diamond and platinum industrial trusts.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Table listing motor and cycle related stocks.

Commercial Vehicles

Table listing commercial vehicle related stocks.

Components

Table listing automotive component stocks.

Garages and Distributors

Table listing garage and distributor stocks.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher stocks.

PAPER, PRINTING

Table listing paper and printing stocks.

PROPERTY

Table listing various property investment trusts.

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INSURANCES

Table listing various insurance companies.

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Table listing various insurance companies.

SHIPPING

Table listing shipping related stocks.

SHOES AND LEATHER

Table listing shoe and leather related stocks.

SOUTH AFRICANS

Table listing South African stocks.

TEXTILES

Table listing textile related stocks.

TOBACCOS

Table listing tobacco related stocks.

TRUSTS, FINANCE, LAND

Table listing various trusts, finance, and land stocks.

TRUSTS, FINANCE, LAND

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LEISURE

Table listing leisure investment trusts.

LEISURE

Table listing leisure investment trusts.

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U.S. may act on gas pipe defiance

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration met yesterday to decide its next move in its confrontation with France over U.S. sanctions on the Siberian gas pipeline.

Senior cabinet members held urgent talks in Washington as the French subsidiary of the Dallas-based Dresser Industries announced it would obey French Government instructions to load three compressors for the pipeline onto a Soviet freighter in Le Havre today in defiance of an American directive forbidding any type of U.S. involvement in the project.

The parent company asked the U.S. District Court in Washington to decide whether its subsidiary should obey the French order or abide by the extended ruling imposed in June by President Ronald Reagan. Dresser also asked for an injunction against the U.S. government should it try to penalise the company for its action.

The Justice Department said it would oppose strongly the company's attempt to prevent the administration from acting against it.

Mr George Schultz, the State Secretary, presided over a meeting at the state department. Mr Malcolm Baldrige, the Commerce Secretary and Mr Richard McNamara the deputy secretary of the treasury also attended. The group was expected to report directly to Mr Reagan at his ranch in California.

The administration has considered for sometime various combinations of diplomatic and legal possibilities for enforcing its sanctions outside U.S. territory.

The sanctions are intended to apply to U.S.-based companies and their subsidiaries and licensees abroad. European governments have been engaged by the attempt to assert American jurisdiction over other independent sovereign states.

Our Foreign Staff adds: Work on compressor units started again yesterday, according to union leaders at the Dresser plant near Le Havre. The work had stopped in June, in compliance with U.S. rules applied originally in response to the clampdown in Poland at the end of last year.

The French state shipping line, Compagnie Generale Maritime, said its vessel the "Borodine" was due to sail for Riga, Latvia, tomorrow with three of the compressors, each weighing 60 tonnes.

Dresser-France said it had been obligated to supply equipment for the pipeline, under a 1959 decree.

The French Government has implicitly threatened to invoke the same powers to force other companies with U.S. licensing or ownership links to carry out their contracts.

The companies are Rockwell-Valves, controlled by the U.S. Rockwell group and is involved as a subcontractor. Creusot-Loire, the French private engineering concern, which has a licence agreement with Cooper

Industries of the U.S. and the state-controlled Alstom-Atlantic, whose turbine activity is dependent largely on the skills of General Electric of the U.S.

Creusot-Loire is to send the first of its own consignments next year, while Alstom's supplies of spare "rotor-kits" for turbines are scheduled to begin in October, 1983.

Alstom is in a particularly delicate position because of the terms of a 1978 agreement signed with General Electric, which U.S. officials claim make it subject to the export ban against the Soviet Union.

In Frankfurt, AEG Telefunken has declined its intention to fulfil its contracts with the Soviet Union to begin supply of 47 gas turbines.

Two turbine deliveries were understood to be imminent and may have begun already. A further 12, all using GE technology, are to be delivered by the end of the year.

Engineering. The board met yesterday at the Clydebank works outside Glasgow where 21 turbines for the Soviet pipeline are under construction.

Earlier this month, the UK Government enacted part of the Protection of Trading Interest Act and prohibited companies from complying with the U.S. embargo.

John Brown has completed six of the 21 gas turbines, part of its £104m order and planned shipment this month. But it needs the rotor blades for the remaining turbine from GE from whom it has the licence to make the turbines.

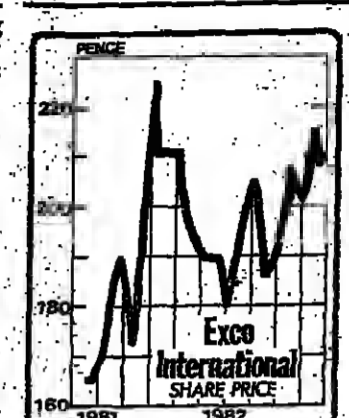
Three other companies affected by the UK order are American Air Filters of Cramlington, Northumberland, subcontractors of John Brown, with an order for £3.6m worth of turbine air filters; Smith International (North Sea) of Stroud, Gloucestershire, which is supplying 112.4m of well head equipment; and Baker Oil Tools (UK) of Aberdeen which has a contract for £14m

Lasmo's £22m net profits for the first half-year to June, down £1.2m on the same period last year, are mainly of historic interest. The summer spending spree has added substantially to its North Sea oil interests and taken it into Indonesian production. After an extensive search for new assets, the company now has plenty to chew on for the next two or three years.

In the North Sea, digestion is going to be eased by the heavy tax allowances against the capital expenditure in the recently-acquired Beatrice field. The company has prospectively saved itself £9.5m in corporation tax in the first six months alone, and while the burden of Petroleum Revenue Tax will be mounting, at least corporation tax worries go into the pending fray for this year and next.

Lasmo's move into production assets means that net debt by the year end will be more than £100m higher, and will probably have doubled as a proportion of net assets in the current cost balance sheet. However, gearing is by no means excessive, and the £20m now being raised against Beatrice will be effectively off-balance sheet. The real constraint on future freedom of action will come on cash flow, which exceeded capital expenditure by £35m in the first half, but which will now be absorbed by new commitments.

Index fell 5.5 to 571.0



Lasmo's £22m net profits for the first half-year to June, down £1.2m on the same period last year, are mainly of historic interest. The summer spending spree has added substantially to its North Sea oil interests and taken it into Indonesian production. After an extensive search for new assets, the company now has plenty to chew on for the next two or three years.

Index gained 0.2 to 91.8. With sterling interest rates now above those of the dollar, little seems to stand in the way of a further fall in short-term rates.

De Beers

De Beers must be running out of friends in the City. Its budget day decision to halve the 1981 dividend caught the market completely unawares and yesterday it repeated the performance with the interim. The share price, which has recently been drawing support from mildly encouraging diamond sales figures, fell 25p to 230p.

The reported figures themselves provided little justification for such dramatic action. Pre-tax profits for the six months to June are down only 4.9 per cent to R376.5m and a maintained interim could have been paid out of investment income alone. Unfortunately, the reported figures are transformed by a fortuitous change in De Beers accounting policies. The share of retained earnings in associate companies suddenly emerges above the line. On the basis of previous accounting practice, profits have halved.

But it is the interest payable figure of £48.6m, higher than for the whole of 1981, which provides the key to the dividend decision. Diamond stocks within the GSO will rise and around \$300m this year and most are probably financed at punitive Rand interest rates. De Beers is slowly bringing areas of the market into equilibrium, but the process is slow and, in the meantime, mining costs are rising at an annual rate of about 15 per cent. So the group is anxious to conserve cash and, after the recent shocks, the stock market may have its doubts about the 8.2 per cent yield which a maintained final dividend would imply.

IBH Holding pulls out of Harvester machinery talks

BY RICHARD LAMBERT IN NEW YORK

IBH HOLDING, the fast-expanding West German construction equipment group, has ended discussions on the acquisition of International Harvester's construction machinery business.

Until yesterday's announcement, it had been thought that a deal would be signed in Chicago this morning. Herr Horst-Dieter Esch, IBH's chairman, said in the U.S. yesterday: "The conversations we have had regarding the construction equipment division were terminated today because we couldn't find agreement on some major points, including pension liabilities and some other commercial terms."

Harvester said it was making progress in talks with other potential buyers of its construction equipment interests. The sale of these loss-making activities forms an important part of the group's attempt to restructure itself and avoid financial collapse.

It is possible, however, that IBH could resume talks at a later stage. Herr Esch is known as a very tough negotiator, having taken over a string of ailing

companies since IBH was founded in 1975. It is now the third largest construction equipment group in the world after Caterpillar of the U.S. and Komatsu of Japan.

A takeover would have given IBH access to Harvester's worldwide dealer network and would have included Harvester's construction equipment interests in West Germany as well as plants in Chicago and Canada. The deal was thought to have been worth some DM 500m (£116.68m) and would have involved Harvester taking an equity stake of nearly 13 per cent in IBH.

The U.S. group's construction equipment division had sales last year of \$743m (\$425.92m) and produced an operating loss of \$17m compared with a loss of \$119m in 1980 on sales of \$760m.

IBH's last acquisition was the construction equipment division of Babcock International of the UK. In earlier deals, it has taken over Terex from General Motors, Hymac from Powell Duffryn of the UK, and Hano-

msg from Massey Ferguson of Canada.

With the exception of Massey Ferguson, all these companies have also taken significant equity stakes in IBH, which expects to have sales this year of around DM 2.7bn.

In a separate announcement, Harvester said it had agreed to sell its 30 per cent interest in Steiger Tractor to Deutz Corp., the U.S. subsidiary of Klockner-Humboldt Deutz of Cologne, West Germany. The value was undisclosed, but was thought to be less than \$10m.

Harvester said the sale was another move to dispose of under-utilised assets and concentrate on core businesses. The group acquired its interest in Steiger in 1974 under a deal providing for Steiger to make large four-wheel driver tractors for International Harvester.

Earlier this year, the terms were changed to allow Steiger direct access to Harvester's North American dealer network. This marketing arrangement will not be affected by the disposal of Steiger shares. Decr earnings plunge, Page 19

August car sales likely to top 250,000 record

BY JOHN GRIFFITHS

AUGUST CAR sales are expected today to set a record by passing the 250,000 mark, with nearly a week of trading still to go.

In spite of the decision by BL to halt output of the Metro and Mini for two extra weeks next month, rival manufacturers discount suggestions that a slump is developing in the small car market.

BL attributed its decision mainly to a reduction of 25,000 in the volume of small car sales expected in the UK this year, to improved stocking and delivery procedures, and to better than expected productivity at Longbridge.

But even a 25,000 cut in volume represents only a small downward drift from 1.7 per cent points in the market share of small cars.

Ford said yesterday that the share of the market taken by small cars so far this year stood at 22.5 per cent, a fall of only about half a percentage point on 1981. Ford excludes very small cars such as the Citroen 2CV and Fiat 126 from its figures, but these account for only about 1 per cent of the market.

BL's total share so far in August stands at 16.8 per cent, but the company said yesterday that it expected to reach 18 per cent by the end of the month.

Its continuing target shortfall appears to stem more from the fall in demand for older models in the medium sector on which it has to rely until its new LM range starts to appear next year.

Sales of BL's Ital, for example, are running at little more than a third of the 1981 level, while cars such as the Allegro, Triumph and BTR and Maxi are disappearing from the market place after the ending of their production.

Demand for the Mini has fallen from 2 per cent of the market last year to about 1.4 per cent now. However, the Mini is regarded as having a particular niche in the market with a long-standing, if erratic, following and as being unrepresentative of trends in the small car market.

Ford's share so far this month is running at 30.2 per cent, Vauxhall's 10.1 per cent and Talbot's 4.1 per cent. Imports, including those from Continental plants of UK-based manufacturers, are running at just over 60 per cent, reflecting the fact that August is primarily a private buyers' market.

Most manufacturers in an attempt to increase unit sales to offset the narrow margins brought about by this year's heavy discounting, are continuing incentive campaigns until the end of this month.

De Beers halves interim

By Kenneth Marston, Mining Editor

MR HARRY OPPENHEIMER'S South African diamond concern, De Beers Consolidated Mines, is cutting its 1981 interim dividend by half to 124 cents (5.9p). This follows the reduction in the final dividend for 1981—the first cut in 37 years—which surprised the stock market in February.

In London yesterday, the first reaction was a drop in the share price from 258p to 227p. Later the price rallied in brisk trading to close at 242p for a loss on the day of 16p, with buyers hoping that the worst of the news from De Beers is now out of the way.

De Beers' profits from diamonds in the first half of this year fell by \$92.9m (£43.5m) to \$108.6m. The fall was largely recouped from other sources as a result of accounting changes arising from the merger of the group's industrial interests. Overall net earnings in the first half were \$239m after tax of \$37.8m against a comparable \$254m after tax of \$38.1m.

Demand for smaller and cheaper gems is running well, but there is still no pick-up in the market for the larger and high-quality diamonds which earn the big profits.

Consequently, De Beers' selling organisation is still stockpiling high value diamonds. At the end of 1981 the value of these unsold stocks was about \$700m and the group expects the stock to grow by a further \$172m this year.

Bank borrowing facilities are considered to be fully adequate and borrowings made so far to finance the stockpile are relatively low compared with the group's total assets of about £1.2bn.

The cost of financing the stockpile, however, remains a burden, particularly as the diamond market remains sluggish.

De Beers' policy of holding production of the market is now having the desired effect of reducing the big stocks of stones at the cutting centres. It says that "a sound basis exists for an improvement in sales as general worldwide economic conditions improve."

Mining, Page 18

TUC to co-operate on voluntary training

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE TUC is about to reverse its policy of refusing to co-operate in voluntary training arrangements set up by industry after the Government abolished 16 statutory training boards.

Representatives of affiliated unions said at a consultative conference in London yesterday that they favoured dropping the policy of total non-involvement. Their view will be referred to an early meeting of the general council.

The TUC will be prepared to co-operate only with those voluntary arrangements which it believes hold out the hope of providing worthwhile training—such as in the shipbuilding, air transport and steel industries—and which allow for adequate trade union representation.

The TUC furiously opposed the Government's proposals to scrap all but seven of the statutory training boards. It told unions to boycott alternative arrangements which employers have been preparing in recent months.

Mr Norman Tebbit, Employment Secretary, will welcome the TUC's change of position as a move giving the Government's reform of training broader acceptance in industry. Union involvement will help to make the change to a voluntary system more effective.

Mr Ken Graham, TUC assis-

tant general secretary, told the conference that general council members did not depart from their view that voluntary training arrangements were second best to statutory ones.

"But they recognise the grave dangers of an institutional vacuum and that unions must seek to represent the interests of their members in the best ways open to them," he said.

A conference working party then considered the issue and reported back that the TUC should reverse its guidance to unions.

Mrs Marie Patterson, a national secretary of the Transport and General Workers' Union, who chaired the working party, said: "Given the present circumstances, unions really must protect and extend their members' interests in training."

This would mean some involvement in voluntary schemes. The conference demonstrated considerable support for the reform of industrial training and the introduction next year of the Youth Training Scheme. This will provide school-leavers with a year of combined training, work experience and further education.

There are divisions between union leaders—as among employers—over whether a year spent on the scheme should count as part of the apprenticeship of young people who go on to further training.

Prestel Continued from Page 1

would be connected by telephone line to a central computer. This would carry out instructions from subscribers and provide them with information about their bank accounts.

Systems of this kind are operating on a trial basis in several countries, notably the U.S. and West Germany, but none is yet operating as a full commercial service on the scale envisaged by Prestel.

The identity of the proposed partner, which suggested the service, is being closely guarded. It is said to be involved in banking but is understood not to be one of the major British clearing banks.

The bank most closely associated with Prestel until now has

been Barclays. It denied yesterday it was involved in the proposed venture.

Several other steps are being planned to expand Prestel and increase its appeal to residential subscribers. These include:

- A scheme by the Birmingham Post and Mail to install 2,500 Prestel sets in homes in the West Midlands and to operate local information services and a home shopping system.
- A proposal to allow regional franchise-holders to offer different services on Prestel, which is operated at present as a uniform national service.
- A major overhaul of the cumbersome indexing system through which subscribers locate "pages" of information stored in the computer and display them on their screens.

Continued from Page 1

Jobless

number of graduates joining the unemployment register in July and August may reach 25,000 more than in the same period last year. This could indicate the start of a sharply worsening trend in graduate unemployment at a time when industry's optimism is at a low level.

However, officials believe that the figures might only reflect a pattern of earlier registration by graduates coming on to the labour market and that the numbers registering later in the year could be correspondingly fewer.

The number of vacancies in the three months to August was at a slightly higher average level than in the previous three months, but even these figures give little encouragement.

The average number of vacancies notified this summer was little more than at the turn of the year and slightly lower than the level in the spring.

In addition to those registered as unemployed, 561,000 young people were covered by special employment and training schemes in July. It is estimated that the effect is to reduce the overall figure for the unemployed by about 305,000.

Although unemployment has been rising throughout the developed world, the UK has a higher proportion of the workforce on the dole than most other developed countries.

On national definitions the UK's 12.3 per cent in July compares with Belgium 17.2 per cent; West Germany 7.5 per cent; France 10.8 per cent; Japan 2.4 per cent and 9.8 per cent in the U.S.

Mr David Bassett, chairman of the TUC's economic committee, said last night that the Government policies were having a "Luddite" effect on British industry.

"But they are worse than Luddites. Not only are they destroying machines, they are destroying the livelihoods of men and women."

Weather

UK TODAY Showers, locally heavy. Winds, S, E, NE, Cent S England, Midlands, S, E Scotland. Sunny intervals, showers developing. Windy. Max 16C (61F). SW, N England, Wales, SW Scotland, Isle of Man, N Ireland. Blustery showers, strong winds. Max 16C (61F). Rest of Scotland, Orkney, Shetland. Rain, gale force winds. Max 14C (57F). Outlook: Little change.

Table with 3 columns: Location, Yday, Today. Lists weather conditions for various global locations.

Advertisement for King's Cross. Features a large image of a building and text: "Superb new self-contained office buildings", "43,500 square feet", "Lowest Anticipated General Rates in Central London", "£6.90 approx sq.ft. p.a.", "Lifts", "Air-conditioning", "Completion January 1983", "Car Parking", "16 Suffolk Street London SW1Y 4HQ 01-930 9731", "DRIVERS JONAS Chartered Surveyors".